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## Play it again . . .



## Probe into 'dawn raids'

by Allan Parker

DAWN raids on the share market, which often leave small investors out in the early morning cold, are being probed by both the Securities Commission and the Stock Exchange Association.

Dissatisfaction with the surprise bids has mounted in recent months with the rash of share-buying sprees on the open market. It came to a head with the move by Auckland jet-setter Douglas Myers to launch a bid for a big chunk of Lion Breweries.

The \$27 million Myers bid for Lion shares was sewn up in around three hours — before most small shareholders had a chance to act. This move has prompted the Securities Commission to initiate talks with the Stock Exchange Association about a need for advance notice of an intention to stand in the open market in large share-purchasing bids.

Chairman Colin Patterson last week described the early-bird-gets-the-worm activity they generate as "unseemly haste". "I don't like it," he said.

Patterson said he was "very much in favour" of an advance-notice requirement.

Patterson said he intended reviewing the secondary market (the market for the sale of securities) next year, after a current review of the primary securities market (new equity and debt issues) by the commission is completed "about March".

With this formal review in mind, "we have been poking our nose into interesting cases" such as the Myers' purchase of about one-fifth of Lion Breweries and the controversial City Realities takeover of Property Securities. (Patterson added that although he had "looked at" the Myers purchase, he had "no intention of issuing formal proceedings".)

When the formal review begins, said Patterson, "we will look very seriously" at an advance-warning procedure.

The problem, Page 2

## Spurned exporters cry foul

by Allan Parker and  
Claudia Perkins

THE sweet taste of New Zealand's kiwifruit export successes, worth about \$50 million this year, has turned sour for rejected applicants for an exporter's licence.

They have accused the New Zealand Kiwifruit Authority — which decides who gets a share of the valuable export-marketing carve-up — of operating a closed shop, having too much power and driving smaller exporters out of the market.

One irate reject said: "It's a very closed shop."

Another said: "The big are getting bigger and the small are getting wiped out."

The list of rejected applicants reads like a horticultural and exporting Who's Who with such companies as the Nelson berryfruit exporter and coolstore operator TNL Group, plus Dunedin-based



Wilson Neill, the Apple and Pear Board, Amalgamated Marketing of Auckland, and Market Gardeners Export Ltd (a company jointly owned by Wellington's Market Gardeners Ltd and Meadow Mushrooms of Christchurch).

Of 20 applications heard this year, the authority rejected all newcomers (including companies who have tried for several years to get a licence) and dumped two smaller exporters who, apparently, could not comply with criteria the

authority set for holders of a licence.

That leaves just seven existing holders of the licences to divvy up the 1982 crop, which has been variously estimated at between 6.5 million and nine million trays. At the lower level, export income for 1982 would be over \$50 million.

The authority has thus cut back the number of licence holders at the beginning of a decade in which kiwifruit exports are predicted to rise 10-fold.

Applicants for licences were not told of the authority-set criteria — including an ability to secure a minimum 5 per cent share of the local crop — until the day the applications were heard.

One would-be exporter said that advance warning of the five per cent threshold might have persuaded less-ambitious applicants to pool resources and reach that limit.

In effect, that excluded one of the existing licence-holders, the Maertton-based Weirapa Fruit Agencies Ltd.

With an anticipated turnover of \$1 million this year, the company would have had to expand by 400 per cent to satisfy the authority.

Company spokesman Willie Wong admitted last week that the 5 per cent share requirement came as a surprise to the company when it was told at the November 5 hearings.

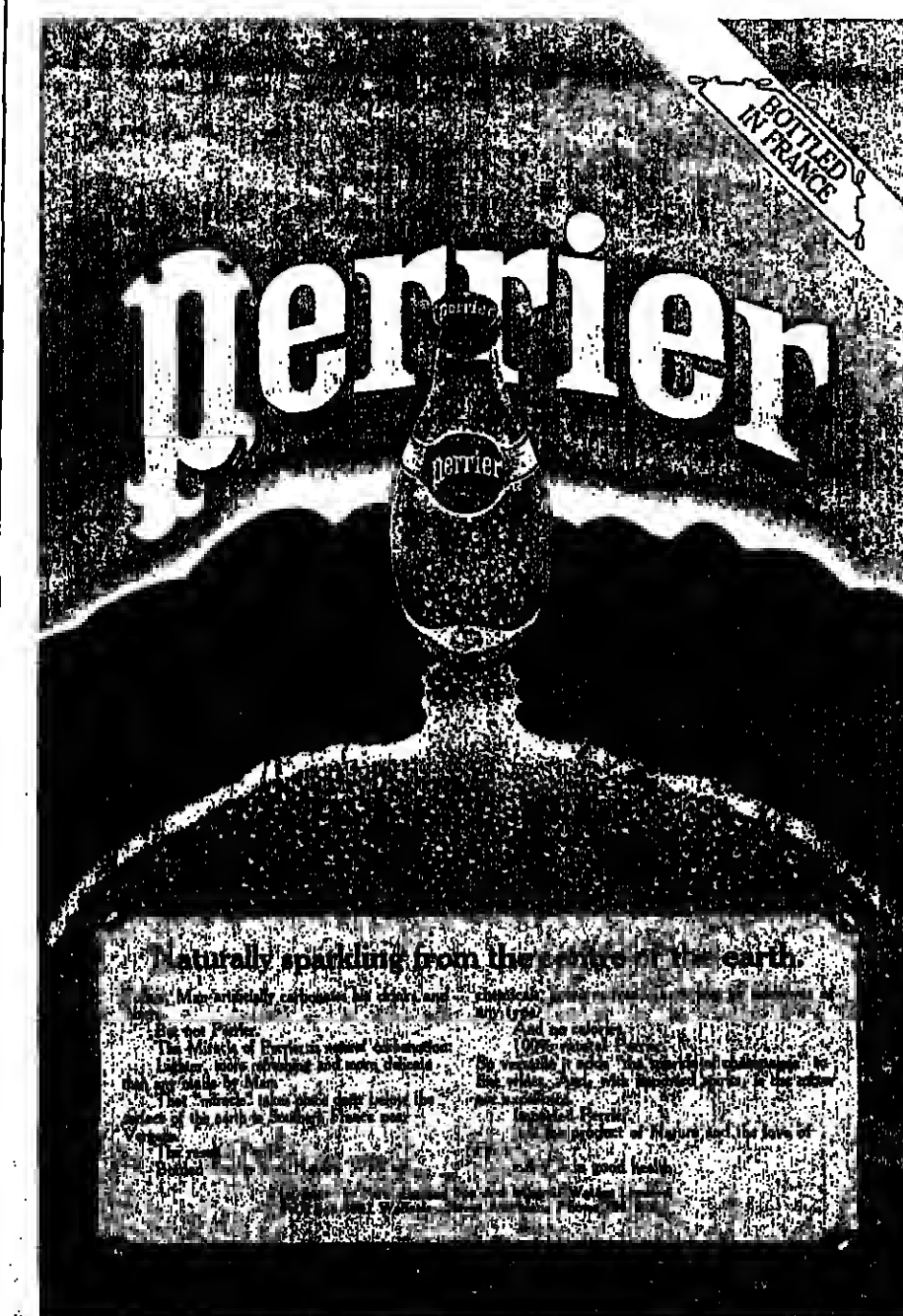
The other company to lose its licence is Auckland exporter Dania House Ltd. Managing director Eric Kjaer would not discuss the issue with NBR last week.

Both companies are now deciding whether to appeal the decision; they have until this Friday to give notice of an appeal.

The other applicants have no such option. The authority's governing regulations make no provision for unsuccessful ap-

plicants who have not held a licence to appeal the decision.

Background, Page 19





## 'Bad old days' feared after interest rates regulated

by Richard Fletcher

A RETURN to the "bad old days" — that's the finance industry's assessment of Prime Minister Muldoon's interest rate controls imposed last week.

The industry last week believed the controls would divert money from the "official" dealers and propel borrowers into the fringe area with its attendant risks and periodic failures.

Many financiers liken the latest pre-election panic moves by the Government to the old interest on Deposit Regulations which allowed the fringe financiers to flourish, encouraged borrowing short to lend long, and fostered some of the most spectacular failures such as Cornish and to an extent Securibank.

And just as the IOD regulations encouraged speculative investment schemes, they also encouraged the industry to find loopholes.

Last week market operators were discussing the numerous ways of beating interest rate controls, even before they were imposed.

And it won't be the establishment large-scale investors who

will suffer. The big money will simply move to the unrestricted areas, property and the more speculative investment schemes.

One source noted there were already restrictions on fees payable for processing though he did agree that "brokerage" might be a loose term.

The ultimate maxim the money market men are working on is "the market will determine the rate", in spite of last week's regulations.

After the early week "revelations" that finance company interest rates were being offered at above the Prime Minister Rob Muldoon's "acceptable" guideline, NBR found that many finance company executives were surprised at the fuss.

A common reaction from the finance industry last week was "it's a load of nonsense".

According to one money market man "no one knows which rates he is talking about and I don't think he does either".

"There have always been negotiable rates for larger sums and off-prospectus rates which have been higher than the public-carded figure — in other

words, different rates for different people."

Jan Small, finance controller of Fletcher Challenge, said: "All the finance companies have had private offers for a number of years. For five years there have been private offers to existing debenture-holders at higher than carded rates."

At that point, one of the bones of contention was a Broadlands Finance private offer at rates of up to 17.25 per cent for three years.

Other companies had similar offers in the market. However, other sources close to the money market said that, given its present state of flux, the unofficial rate can be even higher. Said one executive, "if you've got a reasonable sum you can go in and the finance houses will give you an 'off prospectus' quote. Or they can pay the brokerage." He felt the same applied to trading bank-quoted lending rates, though at least \$10,000 would be needed for the short-term money market — 30 to 90 days.

Current figures for "unofficial" interest rates were said to range from 18½ to 19 per cent, though one institutional source, who expressed surprise at the 18½ per cent figure he

heard on the grapevine noted there were people prepared to pay 23 to 24 per cent.

Finance companies can find ways of getting around the regulations such as "front end fees", a tender charged for processing by the lender, or "brokerage", effectively giving the lender an increased return.

One operator claimed no one "took the business with the Prime Minister seriously" (speaking of the "acceptable" rate quoted several weeks ago), and the market would find its own level. "Like water, money finds its own level in all the cracks," he said. Others agreed.

A bank economist said money was extremely hard to control. Restrictions could be placed on institutions, but then lending money went into "fringe" areas. He pointed to the large growth in the solicitors' market in the early to mid-1970s.

Until about a year ago, the "fringe" was diminishing in relative importance, but as a result of pressure on the

finance houses that trend was being reversed. Another economist who suggested that with the regulations placed on some institutions, money would move to the non-regulated institutions, solicitors' nominee companies and speculative assets such as land. He expected a rise in the commercial bills market, where any regulations would be hard to enforce.

Finance Houses Association executive director Ken Baker said that as prices rose in the economy generally there would be further pressure to borrow. "My belief is that we have excess demand now and this would increase as borrowing becomes relatively cheap."

"You'll get an imbalance and borrowers with clout will get funds by subversive means," said Baker. So the rates might go down but the established lenders would be short of money for lending.

A common feeling was that

the rise was not only caused by the election. "There has been a substantial increase in the money supply and New Zealand has been fairly protected, but then there is an international recession," one financier suggested, noting also the effect of the Government's own inflation-adjusted bonds while at the same time it was holding down private sector lending rates. This also affected the amount of capital available in the general market.

Another money market operator said the present interest rate did not reflect the current rate of inflation, the effect of tax and the need for an adequate real return on money invested.

"At an expected inflation rate of 15 per cent with a real return required of perhaps 2 per cent, at a 50 per cent tax rate, you need a 34 per cent interest rate," he said, reinforcing the general view that rates will continue to climb, despite attempts at regulation.

## Consumer protection prompts probe

by Allan Parker

CONSUMER-protection legislation controlling open-market share purchases is the key problem that has prompted a Securities Commission and Stock Exchange Association probe into dawn raids.

The Commerce Act requires the approval of the Examiner of Commercial Practices for share purchases in public companies of above 25 per cent. (Private companies have a 51 per cent threshold.)

Beyond a 24.9 per cent shareholding, effective control is deemed to have changed hands and the examiner must look at the general public interest of such a change.

But equality of treatment and equity for individual shareholders are not prime considerations.

To avoid requirements for triggering the Examiner of Commercial Practices' consent, purchasers standing in the open market will instruct brokers to pull out before the

25 per cent threshold is reached.

And because a broker will be anxious to close the deal as quickly as possible the big institutional holders and close observers of the market are often given first crack at the offer.

Thousands of smaller investors who do not keep such a close eye on the market may not hear of the offer until most of the bid is signed and sealed.

New Zealand is unique in having this 25 per cent trigger provision. In Britain and Australia, for example, buyers must stand in the market for a specified time — and must take all offers made in that time.

Concern about these provisions has prompted the Stock Exchange Association to "seriously study" what rules can be developed for the New Zealand market, while still avoiding criticism that the Commerce Act legislation is too restrictive.

A draft report is currently circulating among executive members of the association.

Executive director Barrie Stewart told NBR last week: "Both the Stock Exchange and the Securities Commission have basically the same objective." The Commerce Act provision is unlikely to be changed — it is regarded as an important consumer-protection device.

Said Stewart: "The law of the land must be honoured, but

sometimes it can lead to an injustice.

"The stock market in New Zealand is in precisely that position."

That "injustice" is, according to the association, the criticism applied to the market for operating within a legislative framework over which it has no control.

"The stock exchange is criticised for a circumstance that is not satisfactory — the unique New Zealand position regarding the size of the bid," said Stewart.

Even the advance-notice possibility is not necessarily regarded as a solution to the impasse.

"What is the point of giving advance notice if the offer is still conditional (that only up to 24.9 per cent of shares will be purchased)? Someone will still miss out," said Stewart.

Another option is for a purchaser to offer to buy up to 24.9 per cent of each shareholder's holding.

The administrative demands would, however, reach outrageous proportions.

Clearly, however, the increasing number of dawn raids and their apparent unfairness for some investors is worrying both the Securities Commission and the Stock Exchange Association.

But reconciling the differing interests will be a difficult exercise requiring no little diplomacy.

## Week that was

ALTERNATIVE options and the economies of planned protests were excluded from the Commission for the Environment's embroil in its impact reports and audits.

PARTICIPATING in the Sinai peace-keeping force was cited as a potential block to our multi-million dollar meat trade with Iraq, according to the Iraqi ambassador, Fais AK Al-Ani, speaking from Canberra.

TRADE with Iran was bolstered with suggestions of a meat-for-oil deal in the middle of the week.

THE Arbitration Court ruled in favour of the Primary Union in its dispute with the Clerical Workers' Union over the use of new technology.

The court found that use of visual display terminals in the classified adver-

tising departments of Wellington Newspapers Ltd and the Christchurch Press Co Ltd is essentially printing. Operators are properly covered by the Printers Union.

## Week to be

MONDAY Sociological Association of Australia and New Zealand annual conference, Christchurch to Tuesday.

Crown Consolidated Ltd AGM, Wellington.

Printing and Packaging Corporation Ltd AGM, Christchurch.

Freightways Holdings Ltd AGM, Wellington.

WEDNESDAY Alliance-Tradies Ltd AGM, Dunedin.

FRIDAY Farmers Co-op Society of Canterbury Ltd AGM, Christchurch.

by Stephen Bell

IN its efforts to trim staff levels, Air New Zealand is likely to be stymied in one corner of the operation where most companies find opportunities to reduce manpower — the introduction of new technology into the clerical sector.

A strict agreement concluded in August between the airline and the Clerical Workers' Union means that when more word processing equipment is installed in the Auckland offices 5000, no staff will be able to be laid off — even if they can't work the machines.

## Clericals stymie staff-cutting plans

"If, as a result of the introduction of word processors there is a surplus of staff . . . immediate discussions will be held with the union on the redeployment of affected staff members . . ." says the agreement.

"The company shall provide jobs for redeployed staff, and shall make every effort to ensure that redeployment is in line with individual workers' preferences."

Air New Zealand began introducing word processing into

its offices last year and is working on visual-display-based "electronic mail".

The main redeployment provisions did not apply to past equipment but if the operators concerned decided now that their eyesight was being adversely affected and they could no longer work with the visual display screen, then they would have to be found other positions, a union representative confirmed.

The agreement is a model of the kind of provision clerical

workers in many industries have been seeking to conclude in respect of "office automation" equipment.

Besides insisting on discussion and redeployment it lays down strict guidelines on health, safety and "environmental" standards for the office, lighting, ergonomics and so forth.

The requirement to redeploy staff adversely affected by the screens could mean the airline having to increase clerical staff

levels, at least temporarily.

Staff redeployed under the health provisions may not be replaceable from within the company and extra visual display operators may have to be recruited.

The one remaining escape route, of course, is "attrition" — the practice of not replacing staff who leave of their own free will. But this makes the trimming down of the clerical sector difficult to plan.

The airline is moving "slowly and with care" along the of-

fice automation road, said management services director Tom Ryan, and reduction of personnel was expected to be minimal.

What there was could be taken care of by attrition, he said; "it's our traditional way of doing things."

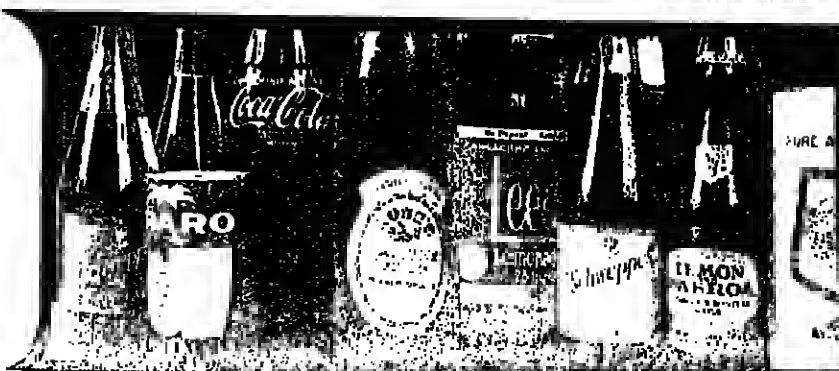
There was no pressure from above to cur down on office staff, he maintained. The airline is "not simply trying to reduce staff, but to reduce overheads. I see us improving efficiency and reducing cost (in office operations) by redeploying staff."

No additional difficulty was expected.

# Organising a party? Here are four simple rules to make it more successful

## Make Non-Alcoholic Drinks Available

Remember to have plenty of non-alcoholic drinks for people who want to take it easy or do not want alcohol at all.



## It's Wrong to Insist

It is unreasonable, sometimes unfair, to insist that people drink more than they wish. Forcing alcohol on others is wrong.



## Don't be Heavy Handed

When serving alcohol, don't be heavy handed. It may seem generous, but your colleagues may wish to regulate their drinking and those doubles and trebles can therefore be dangerous.

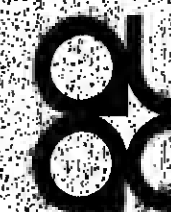


## Serve Plenty of Food

Show your organising ability with plenty of food. Not just snacks — substantial items. Not only does this counter some of the effects of alcohol but it is a much better way to make your office party (or your party at home) more memorable.



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The week

## Doubts cast on Penfolds bag in a box wines

by Warren Berryman

AS Penfolds Wines (NZ) Ltd recovers from the flavoured wine controversy over its 50-litre bulk keg wines, a fresh attack has been launched — this time on the company's four-litre "bag in a box" Moselle and Hock wines.

The attack comes not from

the Health Department, but from Penfolds Wines Pty Ltd of Australia and Auckland-based Corbans Wines, both of which claim to have analysed Penfolds winecask Moselle and Hock and found them to contain greater proportions of propylene glycol than the Health Department found in the 50-litre kegs.

Penfolds of Australia, against which Penfolds New Zealand has filed a \$26 million defamation suit, circularised New Zealand liquor merchants with details of a Victoria University analysis of Penfolds winecask Hock and Moselle. These wines, dated from December 4, 1980, to June 3, 1981, contained between 0.12 per cent and

0.17 per cent propylene glycol, Penfolds Australia claimed.

Penfolds Hock is labelled "dry white table wine" and its Moselle "medium white table wine". Health regulations require wine containing substances such as propylene glycol to be labelled "flavoured wine". The terms "Moselle" and "Hock" may not be used to describe such wines.

Penfolds of Australia asked liquor merchants to relabel the wine as flavoured wine and to cover its name and crest before it was sold to the public.

Penfolds of Australia advised New Zealand liquor merchants that on October 16, 1981, it had been awarded an interim injunction to restrain the use of Penfolds Wines (NZ) Ltd of its registered trade mark "Penfolds" in connection with wine to which propylene glycol, or

flavours, had been added, or wine described as flavoured wine.

Penfolds of Australia expressed its concern that the public may be misled into believing that the four-litre winecasks complied with the regulations and that Penfolds of Australia's trade mark was associated with such wines.

Corbans Wines had an independent chemist in Napier analyse the same Penfolds wines dated between December 1980 and June this year and came up with results similar to those produced by Victoria University.

Corbans teleaxed the Health Department advising it of Penfolds of Australia's claims and its results, seeking an "urgent response".

Neither the director of health nor health department wine expert Jim Fraser were available

for comment last week. And in their absence, no one in the department would comment.

Penfolds managing director, Frank Yukich, acknowledged that pre-September stocks of these winecasks contained propylene glycol. But he said, there was little of this wine left on the market.

Yukich said this offending substance had not been added to any of his bulk wines since September 1. (Both analyses were of wine dated before then).

Following the Health Department inquiry into Penfolds 50-litre keg wines Penfolds relabelled these wines flavoured wines but did not relabel the cask wines.

Since this substance was no longer added to bulk wines Penfolds has reverted to calling its products wine and not flavoured wine, Yukich said.

## Airlines query ticket-seller

by Warren Berryman

PUTARURU United Travel, the IATA accredited subsidiary of Auckland's Gullivers Travel, member of the United consortium, and a former supplier of discounted air tickets, has come under the spotlight of ticket auditors from Pan Am, Singapore Airlines, and Continental.

Singapore Airlines and Continental are in dispute with the agency regarding the amounts charged for air tickets against the amounts the airlines feel should have been charged.

Continental Airlines' plates (the right to issue tickets on Continental ticket forms) went back to the airline last week, and while Pan Am is aware of the discrepancies exist, proposes no action.

Singapore Airlines is still arguing the issue with Gullivers Travel managing director Andrew Bagnall.

Singapore Airlines called a meeting with Pan Am and Continental two weeks ago to discuss Putaruru Travel's ticketing.

Ticket auditors found a substantial number of tickets on which the fare written on the ticket was not as much as the airlines felt should have

been charged had the schedules been strictly followed.

The airlines have issued Bagnall with debit notices for the difference.

Bagnall told NBR he was "completely astounded" to hear that his tickets were in dispute. "You've got to be kidding," he said.

Bagnall said Continental did not withdraw its plates. "We returned the plates to Continental because we were not happy with this airline's actions in the marketplace," he said.

"We had no dispute with Continental whatsoever," Bagnall said.

But NBR understands Continental, after auditing just one 15-day period, found 15 tickets on which it felt \$11,000 was owing by Putaruru Travel.

All the airlines acknowledge that due to the complicated nature of fare structures ticketing mistakes can occur. Their concern with Putaruru Travel stemmed from the number of "mistakes" turned up by the auditors.

Putaruru travel was ticketing for Budget Travel, a discount active during the discounting war.

Budget Travel was selling

discounted fares to members of Club International Society Inc.

Bagnall said he stopped selling discounted fares when the United Consortium decided not to get caught out in the market clean-up.

## ICL enters 'impulse' shopfront market

by Stephen Bell

BRITISH-based computer company ICL has joined the trend to shop-window-style selling of computer products.

The Data Set operation of ICL's Wellington branch has set up in downtown premises of its own, which encourages customers for small items to buy over the counter.

"Impulse marketing is coming into the computer world," said ICL chairman Laurie Cameron.

Rehousing Data Set in a separate building will allow it to cater for the user of non-ICL equipment and even to sell other manufacturers' micro-computer and electronic gear over the counter — an example of the new co-operative spirit demonstrated first by the Fujitsu deal and the Three Rivers Pico workstation.

Potentially it brings ICL a whole new customer base in sales and services. The personal computer user looking for a single floppy disc, for example, would hardly have thought of ICL, though the Data Set subsidiary would have been able to supply him.

Now, it is hoped, he will have no hesitation in popping into the Data Set shop, coincidentally just down the road from David Reid, used to this kind of customer.

Cameron said "consumers" expected to get service ex-stock, while the tradition in the computer business had been to expect a wait of several weeks or months for goods, particularly in New Zealand.

Clear separation of the Data Set operation made supplying from stock a more feasible proposition. Data Set could maintain its own stock and supplier contacts.

The new British directors of ICL had suggested that overseas branches in future "stood on their own feet" more, and make more of their own decisions to cater for the local market.

ICL's new willingness to entertain products from other suppliers is also an important factor. The Data Set operation will be one outlet for the new distributed system, DRS, built with the help of Japanese technology, and Data Set manager, Chris Hartwell will soon go to Japan to negotiate agencies for purely Japanese products in the micro-computer-aided equipment line.

Apart from the small computer and electronics side, Data Set deals in "consumables" — ranging from magnetic discs and tapes to typewriter print heads.

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## Editorial

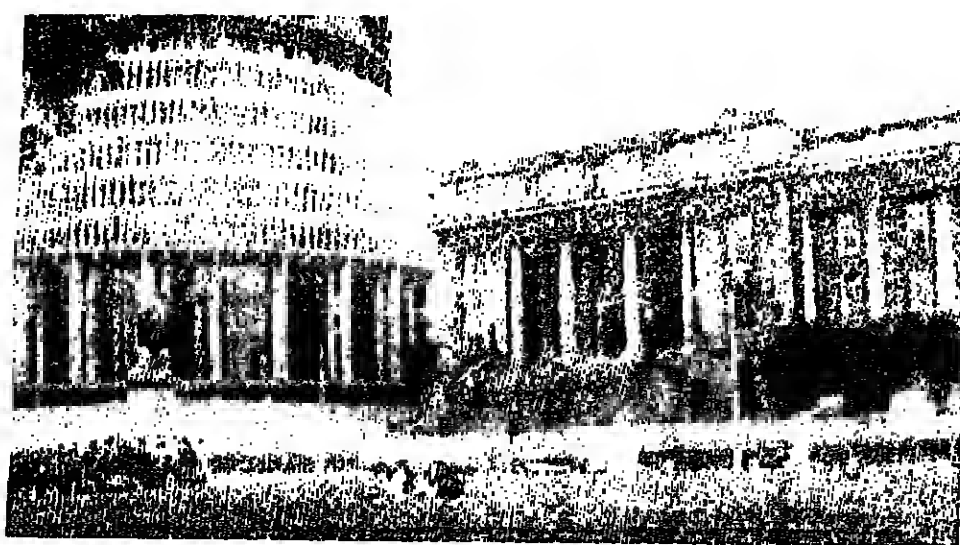
IN summer on a warm day, ordinary New Zealanders sunbathe at lunchtime in Parliament grounds. It is one of those folk things possible only in a small, secure democracy. There have been signs that the homely quality about our public life that the sunbathers epitomise is disappearing.

When (now Sir) Keith Holyoake was Prime Minister and lived modestly in Pipitea Street, his name and number were in the phone book. Ordinary people could ring him up with complaints — and did. Anyone could walk into a ministerial suite unannounced and even the minister's office itself if they knew the right door.

Journalists never needed to show their (then eminently forgeable) Parliamentary Press Gallery membership card from one year to the next. Now they cannot move around the Executive Building, the Beehive, where the ministers sit, without an official unforgeable identity card and security clearance. Visitors must declare their intentions and be signed in and out. By world standards the security is light — but in New Zealand terms it has distanced the people from their ministers.

Some of that old New Zealand was present during this election campaign just past. Bill Rowling and Bruce Beetham moved unhindered and unsecluded. Anyone could go to their meetings if they got there early enough. Journalists could move freely into and out of their retreats. In their daytime movements police were conspicuous by their absence or at most minimal and unobtrusive presence. It was easy and relaxed — just like the old days of Holyoake and Sir John Marshall.

By contrast a number of Robert Muldoon's meetings were ticketed. Journalists had to show proof of bona fides. Security guards twitched woodenly at strategic points in the audiences. Nervous police squads surrounded halls and chaperoned the prime ministerial car when demonstrators were about their boorish business. Even to join his campaign in the daytime



sometimes meant running a gauntlet of guards and police.

We have learnt fear. In these past few years we have begun to learn some important things. We have learnt the world does not owe us a living. We have learnt (the white majority of us) that we are no longer English, or European. We are beginning to learn an international confidence in business and other dealings. We have films and plays and graphic art and performers and craftwork we can recognise as distinctively and worthily ours. We are starting to grow into adulthood as a nation.

We have also begun to learn that with adulthood goes the incapability of solving adults' problems. The teenage nation we are leaving behind could duck issues or look to the adult nations around us for resolution. Our long filial relationship with Britain was part of that.

We faced the first tough test this winter over the Springbok tour. A compound of issues confusing and infuriating in their incompatible complexities put ordinary New

Zealanders on the streets behind the banners of the organised left in conflict with the forces of the state. Those issues have not been resolved and until they are will live with us through the best part of the rest of this decade. Having got this election behind us, we should start facing them now.

Those issues are not inflation, unemployment, economic growth or aluminium smelters. Those things were all very well as crutches to fight an election campaign, when leaders try to induce a collective myopia vision-corrected with their particular eyeglasses. They will not be "solved" by governments, but by an emerging, confident generation that has abundant resources on which to build growth. The particular route is largely irrelevant.

The issues for us — and the new government if it can see beyond its own self-interest — are the fundamental issues of racial accommodation, of geographical realism and cultural direction. In short, defining what is a New Zealander. Ducking those issues will spell a far worse disaster

than a rise in the price of oil or a strike or two in the freezing works.

For that task we need trust. The events of this last winter badly damaged the trust New Zealanders of that teenage nation of the 1980s used to have in each other and in their political leaders. If you think that is not so, talk to the young. If the "secret reports" affair bombed during the campaign it is because too many New Zealanders, particularly young New Zealanders, think "politichannelle" as a matter of course and shrug their shoulders.

How can politicians rebuild trust? Stop pretending uncomfortable information does not exist. Stop pretending there is one side to a story. Stop protecting incompetent or mildly dishonest colleagues. Stop denigrating opponents personally.

Start acknowledging governments cannot solve problems but only clarify them and clear away some of the superstructure obscuring the view. Start acknowledging that issues are complex and there must be public discussion of all parts of each issue before "answers" are handed down. Start being a bit humble from time to time.

We can help them. Refuse to listen to an MP who does not, as an integral part of the case for his/her position, also put with clarity the case against. Start taking a risk here and there in our own lives to demonstrate the power of the individual to act without, against or around the cumbersome state apparatus. It can be fun. Start trusting, too.

The alternative is the way of the security guard, isolation, misunderstanding and, eventually, the assassin's bullet feared this campaign. That might be right for bigger, artery-hardened countries, or newly emergent dictatorships in a third world our teenage nation instinctively despised. It does not have to be right for a small, rich, secure adult nation. Keep an eye on those sunbathers in Parliament grounds when they are thrown out, so will be something precious and distinctively New Zealand.

— Colin James

## Without word of a lie

### 'Ms Talgirls'

MARILYN Waring's ambitions are out. She doesn't want to be the country's first woman Prime Minister but would like to follow in friend Brian Talboys' footsteps.

In an interview with Robin Morgan, published in America's *Ms* magazine, Waring said the "only position I would like, beyond being a backbencher, is Minister of Foreign Affairs. There is a sense in which the foreign policy of New Zealand is flexible, which would give me the room to operate in international forums the way I do now in domestic ones."

And if the feminist good fairy appeared and said "you get three wishes" what would Waring want? "I'd like to disarm all nuclear warheads in the world. That's number one."

### Missing the . . . bus

AIR New Zealand's "competitor", Skybus, made its first free inaugural flight from Auckland to Wellington and back carrying mostly members of the press, photographers and a few notables. They returned safely.

A day later when most Aqua Avia members got their first chance of a free flight on Skybus as it made its second free inaugural and last flight, they weren't so lucky. Some members optimistically thinking they would be able to get a free flight back on Skybus later in the week, decided to go only one way, and were consequently stranded. Skybus kindly returned them to their homes and loved ones, courtesy of Air New Zealand, at Skybus's expense.

### Fuel for speculation

THE numbers of car conversions to CNG are recovering from a bad state of the jitters following the LPG price hike. Ministerial assurances that a margin between CNG and petrol will continue to make the alternative fuel attractive have come thick and fast. But it is little wonder they fall on stony ears because it would be an ideal area for Government to reap revenue from.

The American administration, putting its tax take back in order after income tax cuts is thinking about a tax on alternative fuels. The *Economist* reports: "A new favourite among some politicians would be a tax on the windfall profits that would arise from the deregulation of natural gas."

### Fixing priorities

DATES are a recurring problem for computer users. It's not that they're boring and unattractive to the opposite sex; just that, being used to talking to American computers, if they do fix up on appointment, they're quite liable to turn up a month late.

Software packages coming from the United States tend to present the date, for the purposes of reports and so forth in what is known as the MMDDYY format, the number of the month comes first, then the number of the day, and finally the year.

So 08/07/81 was August 7, not July 8. Little teams of software men all over the country are busy changing the routines inside their imported programs so that the date is presented in

the familiar "European" format, with the day-number first.

At a recent demonstration of a computer system, the importer pointedly emphasised that all its reports had been changed to talk DDM-MYY language.

Having set up the information for the report, "now we can reorganise it", said the demonstrator, "by entering the command REORGANIZE".

How was that spelt again? Yes, "reorganize", with a "zee".

So don't be deceived by the date format and think your imported program has been thoroughly "Anglicized". There are still traps for the unwary.

### Fuelled and foiled

GENERAL Motors put a brave face on its Benson and Hedges saloon car race defeat at the hands of arch-competitor Ford. The GM Dealer Team put out a press release on November 17 headlined "Smaller fuel tanks foil Commodores at Pukekohe".

It began "the smaller-sized fuel tanks fitted to Holden Commodores again foiled David Oxton's bid to win the final round of the Benson and Hedges production car series at Pukekohe on Saturday, November 14. Oxton's GM Holden Dealer Team PVB Commodore ran faultlessly throughout the five and a half hours of the event, but as it had to stop three times to refuel, and the Fairmont of Sprague/Leonard with its larger fuel tank twice, the Fairmont won."

A clear case of "press (release) on regardless".

### Forearmed?

LOVELY people passing through New Zealand with a yen for some company find they have to wend a wary way. The yellow pages of the nation's telephone books contain this listing: "Escort service — see Armoured Transport."

### Observer status

ANDREA Dorkin's book *Pornography: Man Possessing Woman* has been seized by Customs. The Indecent Publications Tribunal will now decide whether the reading public can pursue a study of the effects of men's pornographic bent on women.

A bulk order of the book which argues against the degrading and sexist nature of pornography is on its way here at the moment. But until the tribunal brings down a ruling it won't be available. The tribunal has five classifications: indecent, not indecent, indecent unless the circulation is restricted, indecent in the hands of a person under a certain age and a curious fifth — indecent unless used for a specific purpose.

### No grey area

THE Cost Legal Committee, soliciting funds to assist in paying legal "expenses" for protesters, ran an advertisement, including a coupon for reverse lettering. Maybe filling in a coupon with black ink on black ink isn't so smart, but at least it's different. Happily, the ad appeared again — this time black on white and with the spelling correct.

## The aid dollars pour in, but rich-poor gap widens

by John Draper

WATER turns the sandiest desert into fertile land, as the Israelis are demonstrating in occupied Palestine.

Western nations seem to be applying the same principle in giving aid to the poor. If the aid dollars keep pouring into the so-called Third World, prosperity should take root and eventually blossom.

True, there are a few green shoots appearing but the poorest are getting poorer as white elephants roam at large.

Most donor nations have at least one white elephant. New Zealand's is tethered in Indonesia, an idle abattoir in Laos.

The multilateral agencies — such as the United Nations and all its organs and the World Bank — have given up counting so prolific are their herds.

Other projects are undoubtedly successful and New Zealand can take a bow for its efforts at Tanguru in northern Tanzania, where it has helped establish a dairy farm and training institute.

That project has substantially (by more than 50 per cent) met its original objectives, an achievement that few can boast.

Yet 80 kilometres to the east, on the slopes of Kilimanjaro, there are the rusting, weed-entangled remains of never-used combine harvesters and other equipment supplied by the British Government for a wheat project. That failed because the British failed to supply the technicians to set up and maintain the equipment.

The Canadians are not making the same mistake closer to Tanguru. They are transforming several thousand hectares into their native prairies using the most modern American equipment operated by expatriates to grow and harvest wheat.

Tanzanians, whom the project is supposed to benefit, are allowed only to be spectators.

True, the Canadian project will have some benefits. It is intended drastically to reduce, and even eliminate, wheat imports over its 15-year lifespan but it will do so with technology far in advance of Tanzania's ox plough and hand hoe farming.

Who benefits? International aid symbols are clearly visible in every Third World capital.

Vehicles displaying sponsors' flags and badges abound, excellent business for Peugeot, Land Rover and its superior brother, Range Rover, and Toyota.

The best hotels are usually fully booked by visiting officials from headquarters organisations in Rome, Geneva and New York or ministers from sponsoring countries making "inspections". Good for hotels and airlines.

Prominent billboards announce each project; its financier, consultant, designers, managers and contractors all employing expatriate staff who need houses, cars, education fees for children and paid trips home for wives and families at least once a year.

(New Zealand's aid officers in Tanzania cost \$100,000 each to maintain.)

Materials, machinery and even food, are rarely sourced in the "client" nation. Most is imported, helping industries in the supplying nations.

Aid is big business for the "donating" countries. The client nation rarely sees much in the way of dollars.

Only a small proportion of the total budget — a fifth or less — for any project is likely to be spent within its boundaries, usually only on labour, minor subcontracting and transport.

Multilateral agencies also seem more intent on building their own empires. From every project United Nations executive agencies get a 15 per cent allowance to maintain headquarters in New York, Geneva, Rome and regional offices in equally palatable cities.

More big projects mean more funds for head offices, which mean more jobs for "experts". Critics regard the United Nations Food and Agricultural Organisation as nothing more than an agency for unemployed agronomists.

The agency's own bureaucracy tends to make it unpopular with its clients. Strictly it is an adviser, but all "advice" is supposed to be channelled through its Rome head office and rarely directly from expert to government officials.

Aid is heavily entwined with politics. Ronald Reagan's ride to power to the United States has been the promise of cutting taxes has been hardest hit in the poor nations. United States aid has been slashed, and is now tied to Reagan's global strategic needs.

Those nations willing to align with Reagan will get aid, those that are not will find budgets reduced to only maintenance levels.

Even under past presidents, United States aid has been highly discriminatory. Israel — a country whose national income per

The Advisory Committee on External Aid Development — a quango appended to the external aid division of Foreign Affairs — is critical of the aid in Africa.

In its annual report the committee argues that on "both humanitarian and political grounds" aid should be at least maintained at the 1980-81 level of \$730,000.

Most of that aid went to one country, Tanzania, where the projects it has financed have been among the more successful in transferring knowledge and expertise. But too much aid is wasted either through neglect or political misadventure. John Draper who recently travelled through East Africa reports on the use and abuse of aid dollars.

head is almost as high as Ireland's — receives a disproportionately large share of America's aid. The poorest countries dependent on aid — the United Nations has designated 31 of them as least developed, 21 of these in Africa — get a minor share.

Yet they are the casualties of the worldwide recession heightened for them by increasing discrimination against third world imports by the developed nations.

Almost all are dependent on aid for basic imports of food, energy and capital goods. As a consequence, their growth in income per head has been the slowest — 0.5 per cent over the last few years, compared with an average of 2.7 per cent for all developing countries.

Aid critic Professor Peter Bauer, at the London School of Economics, has said that the Third World is entirely the creation of the western foreign aid policies. He contends that aid subsidises inefficiency and leads to a miscalculation of resources. A greater concentration of aid in the very poorest nations would, extending his argument, appear like a backward step for the recipients.

More aid will lead only to wasteful public sector projects which undermine local private enterprise and foreign investment.

Bauer's own critics say he has overlooked one crucial element. It is entrepreneurial spirit that is scarce in subsistence economies and the most economic organisation through which to channel aid is, therefore, the public sector, at least until development reaches a certain level.

Moreover the physical infrastructure — roads, telecommunications, ports — is grossly inadequate. Without foreign aid it is unlikely to be improved.

Yet the Brandt report — North South: A Programme for Survival — on which the Cancun North-South summit meeting in Mexico was based emphasised that the Third World needed substantially more aid.

It advocates an emergency programme to give the Third World immediate relief from poverty while a long-term restructuring of the world economy is devised, ending discrimination against the raw material-producing South.

But there are aid projects — and aid projects. There is also a major conflict between the multilateral agencies and the recipients.

Organisations such as the World Bank and the International Monetary Fund often attempt to impose stringent conditions, enforcing a western-style economy on the beneficiaries of their largesse.

Nations such as Tanzania strongly resist. Other nations — like Kenya — are seen as strategically important and can be flooded with more offers of aid than can be absorbed.

Others — like Malawi — are so severely constrained by their own poverty and the limited scope for raising taxes that the governments have to carefully programme aid-financed development so the recurrent charges can be met in future.

Very little aid is given without strings, despite pleas from the South. Zimbabwe launched a reconstruction conference — a sophisticated exercise in passing round the hat — after gaining independence. But little of the \$1.8 billion pledged is free for Robert Mugabe's government to spend as it wishes on its catalogue of desired development projects.

As a result, events and political pressures are outstripping the Zimbabwe Government's ability to implement many of its policy proposals, possibly to the ostentatious detriment.

Squatters are establishing themselves haphazardly on abandoned white farms, defying official policy and defeating resettlement proposals designed to ensure that good-quality land continued to grow cash crops instead of reverting to the subsistence economy.

Kenya's problem is the reverse. It can afford to pick and choose, and does, between the aid projects offered predominantly by the West. Occasionally it embarrasses donors by its inability

to spend money quickly enough. Bureaucratic wheels cannot turn fast enough to ensure pledges are dispersed to those who might put them to use.

Within the recipient nations there is an inevitable dilemma over aid. On the one side there is a need for localised projects to improve water supplies, health and hygiene in often small and remote villages. On the other is to bring about a rapid structural change in the economy, either through export-orientated or import-substitution industries.

The two are not compatible. Industries create wage-earners, whose desires and demands far outstrip the capacity of the country to provide, while inevitably widening the gap between rich and poor, worker and peasant.

Tanzania's President Julius Nyerere recognised the problem in his Arusha Declaration in 1967, when he said "the development of the country is brought about by people, not by money. Money, and the wealth it represents, is the result and not the basis of development."

Hard work was the root of all development. And some of Tanzania's most successful development projects seem to be those involving the hard work of its people often in the villages. Ironically the finance needed is usually provided by voluntary agencies such as Corso, rather than by governments or multilateral agencies.

In Tanzania the money from more than 50 foreign voluntary agencies is channelled

through the Community Development Trust Fund of Tanzania. Last year it financed 415 projects, some costing as little as \$600, helping to sink village water wells, providing fertiliser and tools, dairy cattle, pigs and poultry for communal farms, constructing primary schools and teachers' accommodation.

Only villages and co-operatives are eligible for assistance from the fund and they must be prepared to make a contribution towards the project themselves usually in the form of labour and basic construction materials. The project must also be "needed" in the sense that the village or co-operative has collectively decided to apply for the funds.

Despite careful selection and supervision during the development stage for two years the fund still experiences failures. Twenty-five to 30 per cent of all projects will not last the two years.

Corso's funded project almost never started. Corso sent \$12,990, including 15 per cent for project administration, for providing tools for two carpentry projects in southern Tanzania. But the responsible villager in Lilale village in the Mbanga district neglected to cash the cheque within the statutory period.

The Community Development Fund was reluctant to reissue the cheque, arguing that if it had not been cashed, there was hardly "need". Eventually the cheque was reissued three months later and the project got under way in August.

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## Politics

## Well, at least they'd all heard of 'Think Big'

by Colin James

THE National Party seems to have been right — its "Think Big" growth strategy was thought the most salient issue during the election campaign. At least, so the *National Business Review's* panel of 50

Kapiti voters told us a few days before they went to the polls. But few of those same people said that "Think Big" was an important factor in their deciding how to vote. So was all that earnest effort wasted? We asked our panel two questions:

- What do you consider have been the main issues in the election campaign?
  - What has been the main influence on the way in which you intend to vote?
- There were sharp discrepancies. Fully two-thirds said "Think

Big" was one of the main issues. This was by far the most.

Next was unemployment, which about two-fifths mentioned. Well down the list came the economy or inflation, which about one-sixth mentioned and tax which one-tenth mentioned.

A number of the respondents linked "Think Big" and unemployment, either favourably or unfavourably, thus making the connection the National Party had been hoping they would.

But when it came to the main influence on the way our panelists intended to vote, only four mentioned "Think Big" — three being against it and one for.

Unemployment was about the same — and in this case, all for Labour.

So, if the campaign swung

votes, it did not seem to do so much on "Think Big", despite Robert Muldoon's dogged preaching of the gospel.

Much more common were comments like "always voted that way", or a feeling that one or other of the two main parties generally stood for people like the particular panelist.

There was some anti-Muldoonism. And some who were voting National because of his leadership.

And, for those leaning to Social Credit, there was unhappiness with both other parties, or with the way things in general, or politics in particular, have been going.

For one woman the choice was painful.

"I'll vote Social Credit, which is the hardest thing I've ever done," she said. "No way will I vote National with the way things have been going."

"I had to vote against them last election for the same reason. It took me many minutes at the polling booth to actually cross the National name out."

Others, it seemed, were also going to find voting last Saturday a difficult or confusing exercise. A number had still not made up their minds.

Perhaps one of the undecideds summed it all up: "I've yet to see a party pull something out of the bag," he said. "My office of 16 people also feels this way."

"Mr Rowling is gaining ground with his forthright speeches. Mr Muldoon, every day he speaks he puts another nail in his coffin. Social Credit will get the votes that it expects to."

"I will vote but I'm still waiting for a party to pull something out of the bag."

## Letters

## Ireland not moving to left

YOUR *Election Watch '81* article by Peter Burke re the plight of the New Zealand farmer and the parallel he draws between the situation here and the recent election in the Irish Republic is tenuous and, in parts, factually incorrect.

The Fianna Fail Government was not defeated by the Labour Party but by the main opposition, Fine Gael. This party was only able to form a government by forming a coalition with the much smaller Labour Party, and indeed with the acquiescence of a few independents.

Fine Gael is not a leftist party but a centre party with liberal leanings. It essentially draws its support from the middle-class liberal professionals. That election did not represent a swing to the left, but rather rejection of a government which had offered glittering prizes in 1977.

In last year's Fianna Fail swept to power promising economic growth and an end to inflation and unemployment. To gain victory it offered simple solutions, huge tax cuts and massive election bribes.

It was the failure of the Finan-

na Fail Government to deliver these prizes that brought such sharp retribution and it is in this direction that we might look more profitably for parallels with this election.

Jim Doyle  
Lower Hutt

## Not a fail analogy

I WOULD like to correct your *Election Watch* writer's remarks about the Irish Government.

The previous governing party, Pionno Feil, is like Social Credit (minus the emphasis on finance) or the Scottish National Party. It does not fit on the left-right political spectrum. It is still the largest single party.

The new Government is the conservative Fine Gael, a close equivalent of National. The small Labour Party, holding the balance of power, is the coalition partner of Fine Gael.

Perhaps (in the 1990s) New Zealand will have a similar party mix?

Ireland has STV proportional representation, exactly as Social Credit advocates for New Zealand.

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that boy of mine  
never heard of  
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### Ahead in the 80's.

## Politics

## For they are (generally) jolly good fellows

by Colin James

"I've hardly seen anything of her for the past three years. I used to spend time with her every evening. We would read stories together. Now she is 10 and I hardly know her."

That is a paraphrase of comments about his daughter by a fortyish MP ending his first term in the House a few weeks ago.

He said it without any bitterness or sense of injustice. Just since he chose the life and the prestige and status that go with it, what right would he have to do so?

Well, some right. The demands we make on MPs have become intolerable.

At the national level, even the halibut has far more cumulative and legislative work than 10 years ago. And there is no let-up in the local work —

the sort of social work a national figure should not be involved in.

A political journalist grows sceptical about the trade that feeds him. The longer I have been close to politics, the less inclined I am to vote.

But at the same time, the longer I have been close to politicians, the greater my respect for their service — and the greater my annoyance at the shabbily inadequate servicing we provide to help them.

So it is appropriate, in this week after Saturday's catharsis, to note with respect the retirement of some of Parliament's longer-servers. I refer, of course, to those who have gone voluntarily.

Top of the list comes Brian Talboys.

In a book in 1973 Jim Eagles and I said of Talboys that he had been described as a rising

star "but it must now seem more likely that he was actually setting when discovered since his light has never grown any brighter in spite of all the opportunities."

That was before he found his niche as an urbane and much-respected Minister of Foreign Affairs and Overseas Trade — and, as Deputy Prime Minister, foil to the rougher international style of his boss.

I would not change the 1973 assessment as an assessment for its time (though I might now couch it more mellifluously).

Six years as Minister of Agriculture had left him branded in farmers' books the worst tenant of the portfolio for years.

Two years in education left a better mark as an administrator, but did nothing to shift a developing log-jam in ideas, structure and teacher status. A

last year in industries and commerce visited on industry what farmers had already experienced.

In a sense he was the victim of circumstances. He was unlucky to be Minister of Agriculture when the National Government was discovering the manufacturing industry.

Having had it pretty much their own way for most of the previous 50 years, farmers naturally resented having to share their perch with the very chain-draggers whose heavily protected existence was the bane of farmers' cost-affiliated life.

Part of the reason Talboys seemed a failure was that he was expected to captain a team going backwards. It is easier to look good in a team that is going forwards, which will help Duncan MacIntyre, a lesser

man who happened into the portfolio at the same time as the rediscovery of agriculture by the Treasury, to look better in the history books.

Talboys's spell in education, too, suffered from a stiffening of the National Government's old joints in its handling of the social services. And by 1972 inflation would have buried just about any Minister of Industries and Commerce.

But Talboys was afflicted by more than circumstances. He also suffered from being less decisive than his senior rank demanded.

The indecision has not left him. His equivocation over the leadership last year showed that.

But, once he became deputy in 1974 (which shows how much notice National MPs took of our 1973 forecast) Talboys transcended that handicap and ascended into the lofty realms of statesmanship where reason, intellect, fact, decency, and measured grace are the hallmarks.

In my view Talboys succeeded in those realms, both in intelligent appreciation of the need for changes of direction in foreign affairs (a new focus on ASEAN, recasting the many-Tasman relationship) and in soliciting the divisive leadership of the Prime Minister.

Talboys was fortunate enough to find the right niche in politics and will be remembered well for it. If his party's fortunes had been different, he might have suffered the fate of Warren Frew.

Freer had a nightmare of a career: 35 years in the House, only nine on the winning side and only three of those in the Cabinet.

An intelligent and forceful man with a strong, pragmatic sense of the centre, Freer would have been a longstanding senior minister if his side had been winning most of that time. Instead he was forced to sit impotent on the Opposition benches.

Life in the Opposition is intensely frustrating and too much of it can engender a bitterness of attitude from which Freer did not entirely escape.

He deserves to be remembered more for his contribution to the rebuilding of policy during the 1960s in the run-up to the 1972 victory.

His trade and industry counterpart on the opposite side for most of the last decade, Lance Adams-Schneider, is not Freer's match in intellectual firepower. Adams-Schneider never quite filled the shoes of the No 4 slot he rose to, though he was a relentless and at times effective debater and answerer of criticism.

But for sheer good humour and goodwill there are few MPs to match him. I can't recall a single rough word or snide comment. He is one of those rare politicians who make of politics an admirable profession.

Much the same could be said of Adams-Schneider's contemporary in Labour ranks, Arthur Faulkner. Almost eternally affable, Faulkner won't go down as Labour's best remembered president (a tougher, head-knocking style was needed at the time), but he was apparently one of the few ministers in the 1972-75 Government who could and did make decisions.

Among the others I shall remember laconic Joe Wadding for his dry sense of humour, unlucky Eric Holland (unlucky because sons of Prime Minis-



Brian Talboys... a statesman who found his niche — and his salvation.

ters are always measured against impossible yardsticks and because he struck a period of ill-health just as he was emerging into ministerial rank for a strong sense of decency and moderation in a National Party not always filled with that quality and the much-maligned Colin McLachlan for being, at least in my experience, entirely without malice despite much excuse for bitterness.

But the last word I shall keep for Gordon Christie.

Christie brought with him to Parliament the no-nonsense, uncomplicated judgment of the manual worker.

He has a fierce loyalty to his party and ever since I wrote an article particularly critical of Labour a couple of years ago he has reserved for me some of the most colourful epithets of his lexicon for enemies of the cause.

Not for him the subtle academics of democratic socialism. He has had the keenest nose of all Labour MPs for what the ordinary working person thinks. He has been an invaluable pipeline in the working class for a party increasingly composed of the rarified middle class.

He will be missed. And so, each in his own way, will they all. We should take a moment, this post-election Monday, to thank them.

## That prediction

SOME weeks back, it was reported to me that a rumour had gone round National MPs that I was laying out bets on a Labour victory.

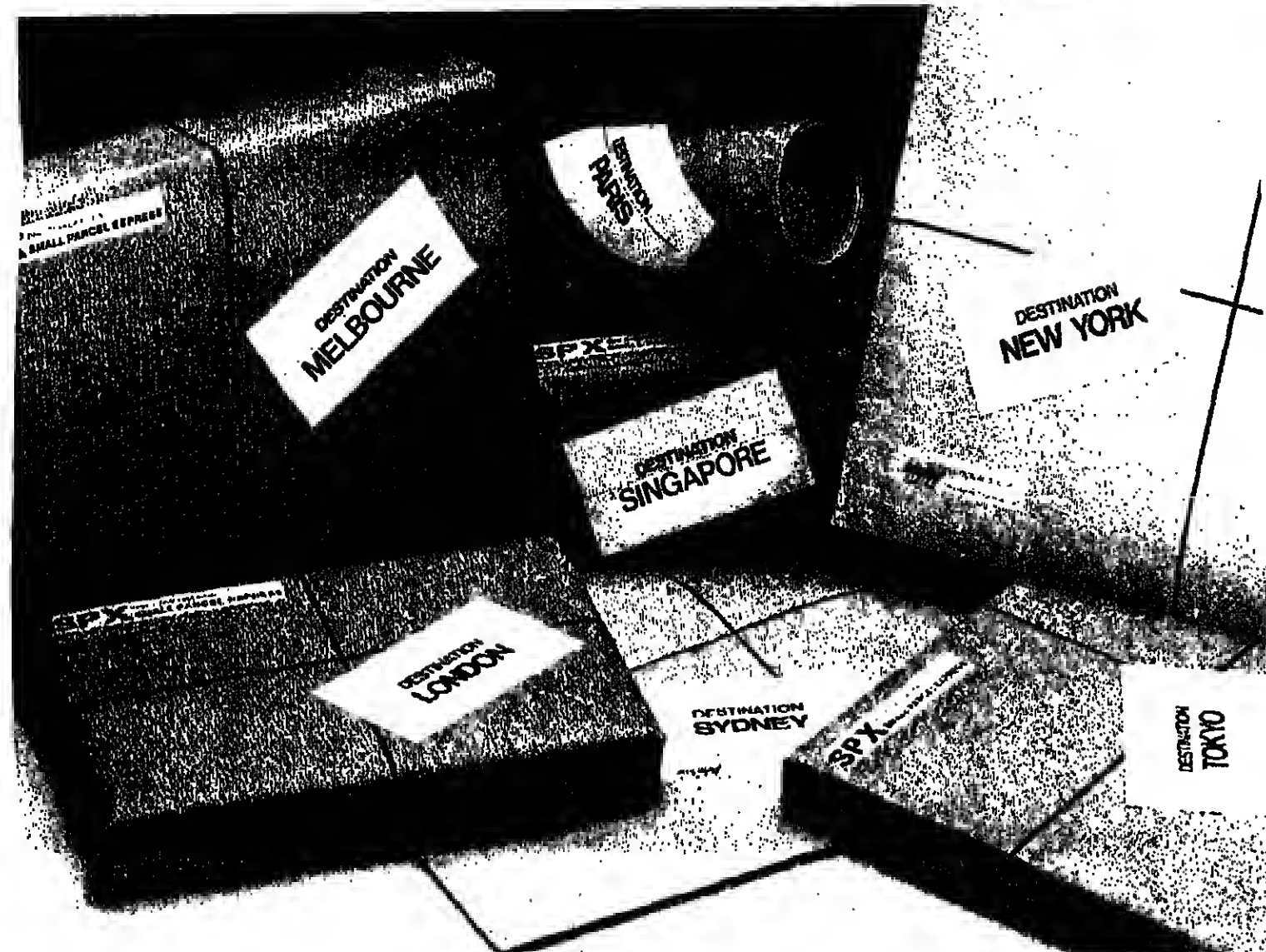
In fact, I don't bet on the outcome of elections — though I did some time ago bet a National liberal that Robert Muldoon will lead the party into the next election (failing accidents of health and the like) regardless of what was in the pipeline last Saturday.

But someone in my position should not duck predictions. So, having asked for more time in last week's pre-election issue, I felt I should say what my immediate pre-election feeling was.

Well, check for yourself: As this page went to press last Thursday, my prediction or, better, guess, amidst cross-currents I still could not accurately quantify, with deep reservations about the arithmetic and after a week of the severest temptations to switch to Labour — though the roar of a landslide could not be heard, someone pointed out to me last week avalanches are silent — was still, unconfidently, National.



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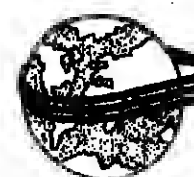
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## Economics

# Be nice to your bank manager this Christmas . . .

by David Underwood

BE NICE to your bank manager this Christmas . . . Why?

Because you may need him on your side when the 1982 credit squeeze gets into its stride. Major forces have been pressing at New Zealand's money-supply waistline of late and, as the belt is near its last notch, the tightening has in fact begun.

Funds are going overseas as local companies borrow internationally to repay overseas loans. Businesses are raising capital to provide funds to cope with inflation.

Public corporations are selling assets to banks and leasing them back to improve their cash flows.

The bills for the usual pre-election expansion of the economy will come in after Christmas.

The "Think Big" energy expansion may be under way.

Bank lending has been going up faster than bank deposits have been coming in, and rumour has it that a couple of months back, the Reserve Bank applied pressure on the trading banks to reduce the rate of lending. Rumours abound —

and the latest in the capital is that lending has to stop.

Where has all the money gone? Well, that depends on whom you ask, but a lot has gone overseas. There used to be restrictions on non-Government borrowing overseas but, at the time of an earlier credit crunch, private borrowing overseas became essential and was approved.

World interest rates were then lower than in New Zealand; now that the situation is reversed, local companies are endeavouring to refinance internally.

Keeping the New Zealand interest rate low only compounds the problem. Doubts about the exchange rate make refinancing locally doubly desirable even though exchange losses are now tax-deductible.

Our import bill is increasing as import opportunities increase and, of course, there appears to be an endless stream of New Zealanders willing and able to take advantage of those cheap overseas air fares.

You can fly to Australia and once there, pay for the rest of your trip with your credit card, getting cheaper tickets and a month's credit as part of the bargain.

In terms of foreign exchange earnings the protection of Air New Zealand's fare structure

This article was written for NBR by David Underwood, a member of the taxation committee of the New Zealand Society of Accountants. Underwood . . . and, from time to time, other nominees of the society — provides a regular column for the advice of NBR readers.

probably works against us, although how open competition would affect Air New Zealand's profitability is another question.

Interest payments on Government and private overseas loans have increased substantially since the borrowing programme got under way. Our export prices have generally been low and, despite a big increase in the volume of exports, we send more money overseas than we earn or borrow.

If the internal money supply is relatively fixed, then some borrowers will miss out if economic activity continues to increase. The expanded use of credit cards and pre-election spending have created the demand and the Government budget deficit means that money has had to be printed by the Reserve Bank. This increases inflation which again compounds the problem.

The banks have the unenviable task of rationing the available funds. This is done in accordance with head office policy directives which are in

turn a combination of individual banks' policies and Government directions issued via the Reserve Bank.

Individual managers have discretion within these policy constraints. If the big businesses take the lot, there is much less for the smaller ones, and the move towards Government corporation leasing of assets from the banks must put pressure on the system.

Earlier this year, the New Zealand Shipping Corporation sold its vessel New Zealand Pacific to the Bank of New Zealand and the Development Finance Corporation for \$75

million. Just this month Air New Zealand sold four Friendship aircraft to a bank consortium for \$24 million.

In each case, the use of the assets continued as before only under a lease rather than ownership. However, almost \$100 million went out of the banking system, and much of it went overseas.

It must be good business for the banks, as they can claim the depreciation — 25 per cent diminishing value for commercial aircraft and 12.5 per cent diminishing value of container ships. If there is a default, and a repossession takes place, will we see ZK-BNZ and ZK-DFC flying the provincial routes?

I started by asking you to be nice to your bank manager; the next article in January will deal with the preparation of a loan application.

Meanwhile, call in and see

him so that he will know who you are when you get around to asking for that loan.

The 1982 credit squeeze will soon be a reality and the liquidity and inflationary problems in the New Year will mean that restraint will have to be the order of the day. Development of our export industries will have to continue, employment levels will have to be maintained and preferably improved and our overseas funds must be protected.

Inflation must be restrained, saving must be encouraged, and interest rates must be reduced. The Government budget must be brought closer into balance and taxation must be reduced.

An impossible prescription to fulfil — so after seeing your bank manager, spare a kind thought for the next Minister of Finance.

## Private business-aid service urged

by Stephen Bell

A privately-run small-business-aid organisation for New Zealand has been suggested to the Government by an American computer and finance company, Control Data, which has recently set up a similar effort in Australia.

CD's small business advisory units were first established in the United States last year. They provide electronically-stored information on trade procedures and market characteristics in various countries, and maintain a pool of local business experts whom they can call on for more specialised advice.

Many small businesses, particularly those technologically novel ones, tend to be strong on ideas but weak on management skills. CD, through its pool of knowledge, hopes to remedy the lack on this side and enable such businesses to survive, produce worthwhile products and generate employment.

The newly established CD

advisory centre in Melbourne is only the second to be established outside the United States, the other being in London.

It would be impractical for the Melbourne centre to aid New Zealand small businesses, a CD spokesman said. The cost of communications lines across the Tasman for the electronic element would be prohibitive, and it would be essential to have a separate New Zealand pool of expert advisers.

The local branch of the company is trying to interest the Labour Department in a CD-sponsored New Zealand business advisory centre, as a logical counterpoint to the basic skills training scheme for which it has already put detailed plans to the Government.

The two efforts would be complementary; the small business, thriving with the aid of expert advice, will still need trained staff.

Setting up the two efforts together will also offer the

Government more for the substantial price of installing the necessary computer equipment.

CD says its effort would overlap to some extent with services provided by the Development Finance Corporation's Small Business Agency, and this could influence the Government's attitude to the proposal.

But other champions of the "business advisory unit" idea see the private sector as the right place for it.

"There needs to be a natural and real understanding of the nature of private enterprise and business planning for profit," said Mike Beardsmore, of the Idaps consultancy, suggesting a similar idea last year.

"With the best of intentions it is difficult, if not impossible, for a Government-sponsored operation to achieve this."

Both CD proposals have naturally been in limbo over the election period, but action is expected from the new Government in the near future.

## IDC, motor interests revving up

by Allan Parker

THE starter's flag falls on New Zealand's Meccano-style motor vehicle industry today when an Industries Development Commission probe begins in Parliament's old Legislative Council chamber.

Lined-up for the inquiry are assemblers, importers, distributors, component manufacturers, operators and trade unions.

While no pre-race favourites have emerged, the assembly and component sectors have at least been assured of Government backing — the IDC terms of reference presume the industry will remain.

However, the inquiry promises to be of the longest, most detailed and, ultimately, con-

troversial that the often beleaguered IDC has yet had to conduct.

Pre-hearing submissions reflect the importance and wide interest in the commission's study.

Some 75 organisations and companies have indicated they want to put across their points of view to the IDC.

Complicating the issue will be the diverse views even within sectors of the industry.

For example, the United States multinational assemblers Ford and General Motors are likely to have differing individual views from the New Zealand-owned, Todd Motors and New Zealand Motor Corporation.

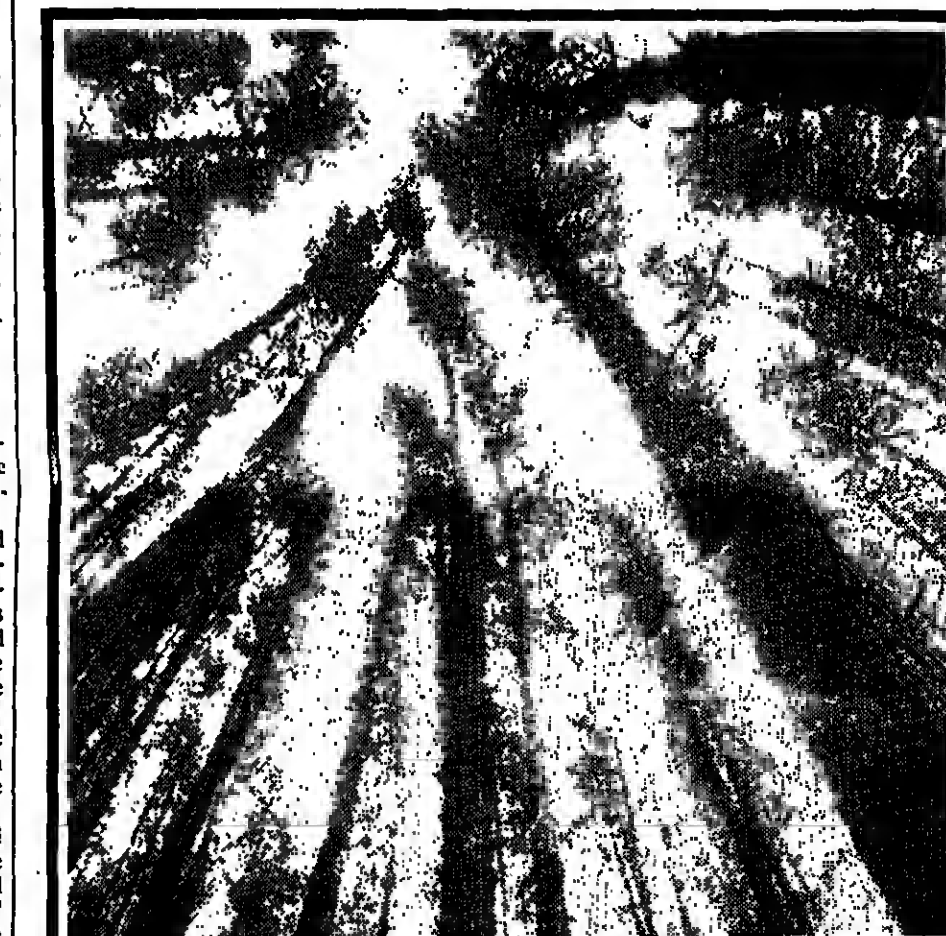
The pre-hearing submissions are understood to be "first

bag", reflecting these varying interests.

The political sensitivities surrounding the study are another factor. The motor vehicle industry plays a substantial role within the national economy and any Government action on eventual IDC recommendations for a 10-year development plan will necessarily take many outside considerations into account.

However, a source close to the commission told NBR last week: "It wouldn't have mattered if the report was due on November 27 or November 29. The report would be the same."

For the Government, final action on the recommendations will not be so easy.



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4. Forayth Bell & Co., P.O. Box 1200, Auckland.  
5. Mr. Robert Wilson, Christchurch & Co., P.O. Box 101, Dunedin.

**OPTO Forestry Fund**



# Union leaders blamed for Gear works closure

by Ann Taylor

MEAT workers union leaders have been accused of contributing to the closure of the Gear works in Petone as employer-union claims and counter-claims hot up again after a pre-election stand-off.

The election campaign period muted what could have flared into a major exchange of blame-fixing accusations between the two groups in the industry as the season got off to a troubled start to the lower North Island.

Now that the political air has cleared somewhat the wrangling has re-emerged centre-stage with employer and farm industry groups saying that two key figures in the meat workers union hierarchy, unwittingly or otherwise, played a significant part in precipitating the Gear closure.

This row comes on top of the industry-wide impasse over the four-day working week proposed at Longburn and even the longer-term problems with new technology and job preservation in the meat industry.

Employers' sources — and even some unionists — now put a new twist on union suggestions that the closure of the Gear meat works could have been avoided.

The company issued a *Blueprint for Survival* document in June and it invited consultation.

The West Coast branch of the Meat Workers Union, run by Ken Findlay and Roger Middlemass, had known it was on the cards that the works would close before this season started. But, the union leaders had been busy trying to wrangle the maverick Oringi works

union back into the West Coast fold and negotiating a "four (days' work) for five (days' pay)" deal with Borthwicks.

Lamb allies are down, particularly in the Wairarapa area. There is substantial new works capacity in the lower half of the North Island. Competition for stock is going to be high and if Borthwicks is going to sustain a 50 per cent increase in its throughput (to 1.5 million sheep) to increase productivity, another shed had to miss out.

And Gear was the obvious one to go down — according to this scenario, which attempts to second-guess union thinking.

Hawkes Bay Farmers Meat Company is an unlisted public company. It has run owner accounts with its shareholder farmers and could therefore secure the stock it needed ahead of Borthwicks.

The meat workers unions have been holding their collective breath until after the election before taking any action on Gear. They will most likely put pressure on the company to pay redundancy to the seasonal workers. But whether support will be forthcoming from other meat workers is in doubt.

The West Coast branch was not particularly supportive during the Southdown dispute earlier this year and the Auckland union has already said it will not support any action on Gear.

The majority of workers who were already employed at Gear picked up their redundancy pay before the union had a chance to hold a meeting.

Redundancy payments to seasonal workers would have to be made from the shareholders and workers equity in the company's other works at Whakatu.

And there is no way that Gear will open for the Christmas period. Most of the skilled workers have picked up their redundancy pay and left. The foreman has secured another job. If a full complement was taken on, or if the works had stayed open over this season, the company would have had to pay much larger amounts of redundancy.

The union has maintained that Gear was incompetently managed. It wanted to inspect the books of the parent company Hawkes Bay Farmers Meat Company. Those books are filed at the Companies Office and are publicly available for inspection. Gear's management has made repeated offers to pay an accountant to analyse the books for the union. That offer has never been taken up.

The workers at Oringi, which opened last Thursday, have formed a branch union which they hope to affiliate directly to the national union, rather than through the West Coast branch.

National secretary Blue Kennedy has told them that they cannot do it. The fellow-country workers at Shannon, which is supplied with hides from Oringi, have resolved to become a sub-branch of the Oringi union.

Borthwicks' Longburn works, meantime, is starting up an interim agreement and it is generally expected that negotiations for a "four for five" working week would start after the election. Maybe that will be the only success the union will have clocked up this year.

The 25-acre industrial C Petone site has roused interest among real estate agents. Its future at this stage is still unresolved.

## Paua shell exchange compromise agreed

by Warren Berryman

FIGHTING to retain their corner on the world market for New Zealand's unique paua shell, local jewellery and trinket manufacturers have undertaken to buy all the shell currently produced by paua divers at a minimum \$500 a tonne — through a paua shell exchange.

Jewellers are now paying \$500 to \$1000 a tonne for shell; five times last year's prices, to prevent the divers selling on the Far Eastern markets where the shell could fetch from \$2000 to \$5000 a tonne.

Threatened with Government moves to lift a 1946 export ban on raw paua shell, the jewellers were forced to come to terms with a "paua shell Opec" of divers and the Fishing Industry Board advised by Trade and Industry.

The export ban has for years given the jewellers a buyers' market and forced divers to accept rock bottom shell prices for half the yearly 300 tonnes of shell produced.

About half the shell production that could not be sold locally or exported was just dumped.

The Government has now agreed to relax the export ban provided all shell is first offered to local industry, through a paua shell exchange at a minimum price of \$500 a tonne. If local industry doesn't take up

shell on offer for six months Customs will issue an export licence.

The jewellers expect to take up the total 300 tonnes of shell and thus preclude exports. The Fishing Industry Board official line agrees with the jewellers.

But unofficially the Board and divers doubt the jewellers can afford to take up all the shell as they currently use only 150 tonnes a year — about half the total catch.

Last year, with the export ban in force, jewellers were buying low quality shell for as little as \$50 a tonne. The divers say they could have exported for \$2000 a tonne.

The Government began to question the ethical and economic ramifications of the export ban after a Trade and Industry officer picked up a few empty paua shells off a Wellington beach, took them to the For East, and found them to be worth \$2000 to \$5000 a tonne.

The export ban was first introduced in 1946 to protect the industry from by returned servicemen. Since then paua shell jewellery and trinket manufacture has been taken over by larger firms led by Arkit Industries, a subsidiary of Reckitt and Colman.

The 25 paua shell jewellery and trinket manufacturers claim to employ 400 people, 60 per cent of whom would lose their jobs if the ban were lifted.

## Business management finalists named

AFTER several months of intense competition, four teams have qualified for the national final of the International Computers Business Management Game, sponsored by ICL and National Business Review, over two days this weekend.

This year, for the first time in several years, a "sole trader" has emerged as the winner of the Auckland regional final, Ian Halliday, of Transpak Industries Ltd.

From the Central North Island the Ministry of Works and Development, Turangi, has won through to the final for the fourth time. Team chairman Dennis Jull has been in three of the four final teams, but the other three members, John Gillespie, Alan Hackman

and Des Fitzgerald, are all new to the BMG.

The Wellington regional finalists are a team from the economics division of the Ministry of Transport under the chairmanship of David Lupton. The other team members are Alf Leyland, Mason, and Keith Challinor.

South Island representatives in the final are a team from Waitaki NZ Refrigerating Ltd from Christchurch. The chairman is Paul Niederer and the other members are John Neill, Robert Wilson, and Elizabeth McMaster.

The profits for the 30 game fourth and last round are:

## Forest schemes — seeing the wood for the trees

by Klaua Sorensen

INVESTORS should not dismiss the fixed-term afforestation projects merely as "bottom drawer" investments.

Though the three present choices, Forest Investments Ltd, Nuhaka Farm Forestry Fund and the current Opio Forestry Fund float are less than dynamic-looking with their 20-30 year terms, they still appear capable of returning some handsome capital gains, even in the short to medium term.

The principle of the three investments is for people to subscribe money to get an afforestation programme under way initially, then sit tight for 20 to 30 years while foregoing the benefits of dividend payments for the attractions of a major gain at the end of the day.

A bit of a long shot, admittedly.

But it's an attractive alternative to straight superannuation, or endowment insurance policies, and a nice way of producing a nest egg for the grandchildren.

The Opio investment, for example, offers "on the basis of current taxation and expert accounting advice" a projected return for the 30-year period of 18.52 per cent before tax or 15.35 per cent a year after tax. The after-tax return for each \$100 invested is therefore \$72.50.

But the shrewd investor is more likely to buy into one of the three purely as a three to five-year investment — hoping for either a greater than expected escalation of world timber prices, a takeover bid, or both.

The point is that a current shortage of timber supplies is likely to continue right throughout this decade until the expected boom in New Zealand timber resources begins in the late 1980s and through into the 1990s.

This could lead to price surges as demand exceeds supply and might result in major timber users moving to secure timber supplies — a nice short-term sub-off for the forest schemes.

And that's not just guesswork, because already the three afforestation schemes are being eyed up by timber users.

The Caxton Paper empire, owned by the Spencer family, quietly moved into Nuhaka a year or so ago, bought a sizable minority stake, and holds an option to buy



Nuhaka's timber, as a result of this investment.

The Forest Investments issue was sponsored by the Fletcher group (which is a major shareholder) and that company also has an option to purchase timber from Forest Investments when it comes on line.

But Opio seems to have gone one better, with an agreement with Feltex (a 24 per cent shareholder) which requires that company to take Opio timber at prices prevailing at the time of felling.

The other two only have option agreements, and so not un-naturally Opio's promoters are using the "guaranteed takeout" agreement with Feltex as a selling point.

Forest Investments and Nuhaka will be able to begin selling their timber much earlier than Opio, which will find its production coming on to world markets around the year 2000, when timber supply is predicted to have climbed significantly.

So the first two could be supplying a market shortage — while Opio might finish up selling into a market glut.

Forest Investments has some trees which are already 15 years old and so will come on to the market in only five years or so.

But while investors will have a few headaches trying to assess the relative merits of these schemes, there is little doubt that all will enjoy a substantial climb in asset worth above the original prospectus predictions.

Both Opio and the 1974 float of the Nuhaka fund were sponsored by the conservative Dunedin Perpetual Trustee company, and it is understood that Opio has already been told by industry experts that it has taken an almost too cautious view of likely timber values over the next 20 years.

Opio has arrived at its sums using the Consumer Price Index as a guide — but even the Forest Service is believed to have added 2 per cent on top of

the CPI in its own timber value extrapolations.

The likelihood of a better-than-prospected performance from these investments is demonstrated by the fact that in 1974 Nuhaka predicted a pay-back of \$2800 for each \$100 invested. Now Opio is talking about a \$7250 payback.

But against the likelihood of Forest Investments being the first company to begin to make returns to investors, investors must stack the differing taxation status of the three.

In other words, the only tax payable is by the individual in accordance with his own personal tax status.

Nuhaka and Opio are both trustee operated group investment funds under the Trustee Companies Act 1967 — a deferred income stock with a set termination date.

Forest Investments Ltd is a limited liability company and so when it begins to produce revenue from its timber it will be liable for normal company tax (less any related forestry grants and incentives) — and so will shareholders' dividends.

Nuhaka and Opio are classified as "specified trust" funds, which mean they do not attract income tax on revenue provided the net income is distributed in full to investors within six months of the end of the accounting year in which it is earned.

One source close to Opio told NBR last week, "I think there is still a strong likelihood that

if income is not distributed to unit-holders, then all income is taxed as "trustee's income" during the period of the fund and so no taxation is payable by unit-holders on distributions made by the trustee from taxed income.

In this second case the tax rates for "trustee's income" is the same as for individuals, so Opio and Nuhaka would be paying 60 cents in the dollar on any revenue over \$22,000.

Nevertheless, the trustee funds overcome the problem of double taxation on dividends which limited liability companies suffer.

But the best answer from a taxation point of view would be for the entire schemes to be sold to a timber user.

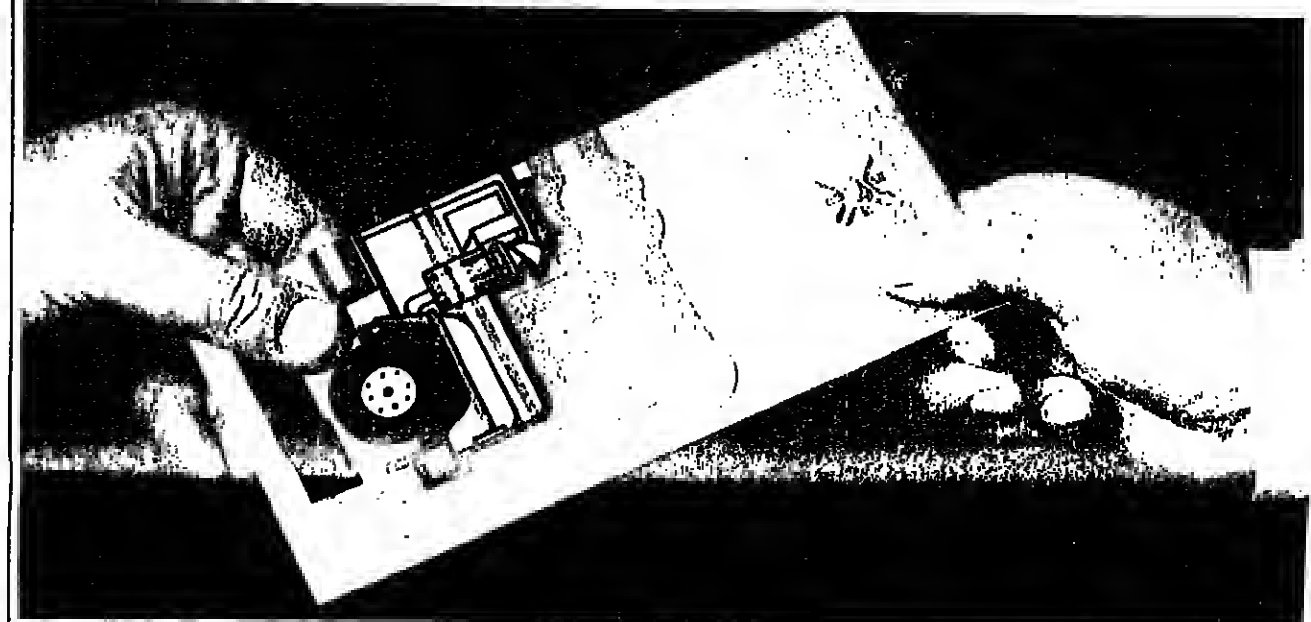
One source close to Opio told NBR last week, "I think there is still a strong likelihood that

they (Opio) would sell the whole scheme after, say, 20 years to one buyer — that way unit-holders would get a completely tax-free capital gain."

But even if tax has to be paid on the returns at some stage, it will be a small price to pay when measured against the fact that the Government pays a 50 per cent cash grant to the schemes for all their planting expenditure.

As a side benefit of the schemes, not only will the forest assets appreciate, but the land on which they are planted will do so too.

NBR understands that Opio is already showing a "profit" even before the issue has been subscribed — since Perpetual took out the option to buy the Southland land for the afforestation scheme, the market value of the land has increased 10 to 15 per cent.



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## Finance

## Analysing annual accounts: Clyde Group Ltd

by Klaus Sorensen

THE Clyde Group Ltd seems assured of a good turnout at its annual meeting in two weeks time — the chairman's review in the annual report should see to that.

Shareholders who will already have been disquieted by the company's latest profit reversal — the second in three years — will be left downright agog by chairman Bob Gunn's references to some of the company's difficulties.

He notes that the profit reversal — from \$308,000 to \$177,000 after tax, and from \$549,000 to \$119,000 after minority interests and extim-

ordinaries — was "extremely disappointing" to the directors. And few shareholders would argue with that — since Gunn and his fellow Nelson director Pat Goodman appear to control around 30 per cent of the capital.

But Gunn makes a disclosure which is sure to both concern and intrigue shareholders, as it implies the company has had a serious internal problem which affected the result.

First he reminds shareholders that the six months to February 1, 1981, produced a small \$37,000 profit.

He explains that "improvements were experienced in the trading months of

February and March with projections of a profit of approximately \$400,000 for the full year.

"Figures submitted to the board supported the projections but following balance date it was found that there were substantial amounts of expenses which had been deferred and not brought to charge in the monthly figures. These adjustments resulted in a reduction of profit to the figure shown in these accounts."

According to Gunn, "the board has been most concerned at the drastic reversal of profits caused by taking up these expenses and as the position was not made apparent until after balance date it was not possible to effect any remedial measures in the period under review.

However, all known costs and expenses have been provided and stock reserves maintained."

But while Gunn's attitude to this puzzling situation is pretty forthright (how many other companies would have decided not to mention it at all?) he succeeds in little more than whetting shareholders' appetites for the annual meeting.

However, shareholders can probably take some comfort from the fact that the deferred expenses situation has not concerned the auditors — their report gives the company a clean bill of health, at least in accounting terms.

Overall, the report is pretty threadbare both in disclosure and physical terms.

But Gunn's frankness does not extend to actually telling shareholders what is wrong with their company, and the accounts themselves omit such important information as a gross profit figure and a breakdown of operating expenses.

So shareholders have little way of working out which cir-

cumstances contributed most to the company's malaise.

However his reference to the Fiji subsidiary, Clyde Engineering (Pacific) Ltd offers a few clues.

He says this partly owned subsidiary once again produced a record result for sales and profit, and "without the contribution from this operation in Fiji the group would have produced a very dismal result, indeed."

The implication being that things are even worse at home than might appear from the profit and loss account.

Another of Gunn's candid little comments informs shareholders that the company had to go to the bank before it could pay the final dividend.

He says that in view of the result the board gave "very serious consideration to the recommending of a final dividend, especially as such a dividend would not be covered by the year's profits."

"However the board is conscious of the fact that shareholders rely on dividends as their return for providing the funds to enable the company to exist. In consultation with the group's bank, the board decided to recommend a final dividend to the annual meeting."

The company completed its restructuring during the year when the operations of both Clyde Commercial Vehicles and Engines and Transmissions were integrated into Clyde Industries Ltd.

Gunn notes that "the costs associated with implementing the new structure were far greater than foreseen, but are now behind us."

But it is not clear from this comment whether the deferred expenses which wrought havoc with the company's final result are the same as these restructuring costs.

The profit and loss account

shows sales were up 7 per cent from \$18 million to \$19.3 million, but the pre-tax profit was down 60 per cent from \$434,000 to \$174,000.

The notes to the accounts detail some expenses (but not operating expenses) which show interest costs on term borrowings were up 58 per cent, from \$105,000 to \$166,000, rent and leasing expenses were down 16 per cent, from \$418,000 to \$352,000, and "other interest" charges were down 21 per cent, from \$608,000 to \$478,000.

Depreciation contributed to rising expenses with a jump from \$137,000 to \$217,000.

The company's income tax liability went from a \$126,000 charge in 1980 to a \$300,000 credit in the latest year, due mainly to a \$102,000 future tax

benefit from accumulated losses and a \$14,000 deferred taxation release, which managed to outweigh the \$113,000 in taxes paid over the year — leaving a \$300,000 credit.

Extraordinary items were down to \$17,000 from the previous year's \$298,000 which had resulted from a property sale. Minority interests were up from a \$57,000 deduction to one of \$75,000 — presumably reflecting the Fiji operation's successful year.

The balance sheet about shareholders' funds down, from \$4.5 million to \$4.1 million, with term liabilities down, from \$479,000 to \$465,000, current liabilities up, from \$6.2 million to \$7.6 million, fixed assets up, from \$1.5 million to \$1.8 million, and current assets up, from \$10 million to \$10.9 million.

## The business week

**Alax Harvey Industries Ltd:** unaudited profit after tax for the half-year ended September 30, 1981 was \$11,328,000 (last year \$6,934,000). An interim dividend of 10 per cent (last year 8 per cent) will be paid on capital increased by the recent share issue on January 28.

**Bank of New South Wales:** consolidated operating profit after tax and extraordinary items for the year ended September 30, 1981 was \$6,168,000 (last year \$4,369,000). A final dividend of 12 cents a share will be paid on January 31.

**Henry Berry Ltd:** unaudited group profit after tax for the half-year ended September 30, 1981 was \$914,932 (last year \$1,319,448). An interim dividend of 12.5 per cent (last year 11.5 per cent) will be paid on January 31.

**Capital City Radio Ltd:** unaudited profit after tax for the half-year ended September 30, 1981 was \$45,500 (last year \$73,100). An interim dividend of 12 cents a share will be paid on December 22.

**Cory-Wright Salmon Ltd:** unaudited consolidated net profit for the half-year

ended September 30, 1981 was \$510,340 (last year \$511,350). An interim dividend of 7 per cent will be paid on February 26.

**John Edmonds Holdings Ltd:** unaudited net profit after tax for the half-year ended September 30, 1981 was \$52,400 (last year \$10,000). The result for this year includes a number of subsidiaries. An interim dividend of 8 per cent (last year 7 per cent) will be paid tax-free on December 5.

**Firestone NZ Ltd:** unaudited profit after tax for the year ended October 31, 1981 was \$1,037,506 (last year \$1,009,500). A final dividend of 5 cents a share will be paid on February 18.

**Hendy Industries Ltd:** unaudited net profit for the half-year ended September 30, 1981 was \$1,155,542 (last year \$1,319,448). An interim dividend of 11 per cent (last year 9 per cent) will be paid on February 16.

**Industrial Chemicals (NZ) Ltd:** unaudited profit after tax for the half-year ended September 30, 1981 was \$1,482,000 (last year \$1,955,000). A final dividend of 5 cents a share will be paid on December 4.

**CCCL:** unaudited profit after tax for the half-year ended September 30, 1981 was \$1,155,542 (last year \$1,319,448). An interim dividend of 11 per cent (last year 9 per cent) will be paid on February 16.

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# FCL may 'do its duty' for new trawlers

by Allan Parker

FLETCHER Challenge Ltd — its hopes of importing two big fishing trawlers duty-free scuttled by the powerful Cabinet Economic Committee — may still go ahead by paying full import duty.

Such a decision would add up to \$1.8 million to the investment by the giant conglomerate's fishing arm, Fletcher Fishing Ltd, which already operates a joint venture with Soviet vessels.

But, with the CEC decision to defer applications for duty-free imports of trawlers by New Zealand fishing groups and continue the increasingly controversial joint ventures, an early move by FCL might give it an important head start on other deferred applicants.

Fletcher Fishing was one of a dozen applicants to import

fishing vessels worth \$30 million as part of a "New Zealandisation" programme that would eventually replace joint ventures.

The applications were made in anticipation of the Government review of joint-venture licences next March. However, the CEC decided late last month to "roll over" the joint ventures until March 1983.

The committee's move sunk hopes of importing the vessels duty-free.

However, Fletcher Fishing managing director Eric Henry last week confirmed his company was still investigating the possibility of importing two large freezer-trawlers and paying full duty — about 20 per cent.

The investment, he said, would then be about \$9 million.

"We're still doing our numbers. The payment of duty puts up the size of the investment and we have to work out the economics," said Henry.

The combined catch forecast for the two trawlers would be about 20,000 tonnes.

FCL may decide to go ahead, anyway as the extra \$1.8 million investment could be regarded as a long-term commitment to the fishing industry, by giving the company the jump on other interested trawler operators.

Certainly, FCL has made its views about its role in New Zealand's future industry clear to the Government in a submission leaked several months ago. The company regarded the present industry as too small and fragmented to replace joint ventures in the deeper waters of the exclusive economic zone.

However, Fletcher Fishing last week confirmed his company was still investigating the possibility of importing two large freezer-trawlers and paying full duty — about 20 per cent.

Rather, it saw the establishment of three "super" companies as the answer. The submission made it clear that FCL should be one of those big three operators.

Meanwhile, one Government-assisted attempt to prove New Zealand-owned trawlers can successfully fish off-shore waters has yet to produce results.

New Zealand's biggest trawler, the 40-metre Waipori, returned to deep-water fishing last month after a lay-up of 18 months because it had been uneconomic to operate.

The trawler is owned by Dunedin-based Skeggs Foods Ltd, which received a Government grant to resume fishing.

"The grant has been used to allow us to assess whether local vessels can successfully catch the deep water species," according to the company's Nelson manager, Bryan Skeggs.

Last week, Skeggs told NBR that the first foray had proved unsuccessful in terms of catching the company's target species. The trawler returned to shore virtually empty-handed.

Skeggs said that the company had not fished at this depth before and was, in effect, testing the ropes.

## NZLS restructures

by Warren Berryman

NEW Zealand Land Securities Ltd is restructuring its debt finance with the aid of its own wholly-owned insurance company, Greenwich Life Insurance Ltd.

Promoted by Renouf and Compnay, Greenwich Life is offering secured Assurance policies with a minimum 12 per cent annual tax-free compounding interest (30 per cent a year interest before tax). The premiums, however, are not tax deductible.

Director of NZLS and Greenwich Life, Richard Solomon, said new subscriptions would be invested in Government and local body stock, property and in NZLS's geriatric hospitals.

This, Solomon said, would allow NZLS to repay its public debentures and restructure its financing.

Greenwich Life, formerly Property Life Insurance Ltd under the wing of the collapsed Circuit Development Group, has since become a wholly-owned NZLS subsidiary.

Greenwich Life's balance sheet included in the prospectus shows \$377,493 in policyholders' funds. Solomon said the preponderance of these policyholders date back to the Circuit Development era.

Greenwich Life was formed before the Government's requirement of a \$500,000 bond for life companies became effective. Solomon said the company had been given time to increase its bond which it had been doing at the rate of \$50,000 a year.

Renouf and Company circularised clients saying Greenwich Life, as a small New Zealand-owned life insurance company, fulfilled all the statutory requirements of the Life Insurance Act.

Its single premium endorsement assurance policy by which life cover is obtained, while the entire investment proceeds upon maturity, death or surrender, are free of tax.

Renouf and Company declared its interest as Renouf partner, Bruce Buxton, is a director in Greenwich Life.

by Ann Taylor

LOCAL innovators are taking a back seat in the drive to alternative fuels — but not necessarily for long. While imported Italian equipment steers the route to compressed natural gas, one local development could put the means of self-sufficiency into people's back yards.

Auckland's Klasse Kompresors has developed a compressor which, attached to domestic gas supplies, could fuel a small company's fleet or provide CNG for the ordinary motorist.

Eric Stenner built the prototype five years ago. He has been waiting for the CNG market to develop before developing the product to commercial viability.

## Fuel self-sufficiency in back yard

The DFC has got behind the indigenous product (only the bearings are imported) and will help market it once Stenner is beyond the "Heath Robinsonish" development stages.

There does not seem to be too much red tape in the way of back yard compressors. CNG storage is required to be fenced but this compressor would fill the cylinders directly.

A problem, also experienced by service station outlets, has been the low pressure gas is reticulated. "If it came in at greater pressure our problems would be halved," Stenner said.

The small high-pressure compressor is a logical development from Klasse's standard air compressor which the company developed and now makes the components for. That compressor is not used in this country, but parts worth \$400,000 are exported to Singapore.

From an early local involvement a better procurement plan should follow. Trade and Industry, Labour, Treasury and the Ministry of Works will have representatives on the advisory group. The FOL, Master Builders, Contractors, and Manufacturers federations and the Quantity Surveyors Institute will also be represented.

Nominations are now with National Development Minister Bill Birch, and a committee will probably be appointed in the new year.

where the unit is assembled under licence.

Klasse's developments appear to fit the old adage about the prophet without honour in his own country. The company will probably start production of the small compressor for Holland where there is a strong demand for it, while a Swiss

company is also interested.

New Zealand is using a variety of standards for compressors, cylinders and conversion kits used in the alternative fuel industry and Klasse faces a common problem. It will have to export, get certification for the compressor elsewhere and import those standards before

it can tackle the local market.

Service station compressors are imported, with most coming from Italy. "We could make them," said Stenner, but another company would have to take over once the research and development was done. "We couldn't sell heaters to Eskimos with free electricity," said Stenner, who would prefer to shut the door and say behind his drawing board.

## Tawai tangle tells a tale

AN error in the Tiwai Point smelter's returns to the Department of Statistics points to several impediments to the public's right to know.

In the 1976-77 year, the department recorded 345 million kilowatt hours of electricity being sold to non-ferrous basic metal manufacturers for \$4.5 million.

But the then Electricity

Department statistics for that year show 2,786.8 million kilowatt hours being sold to the same sector for \$6.289 million.

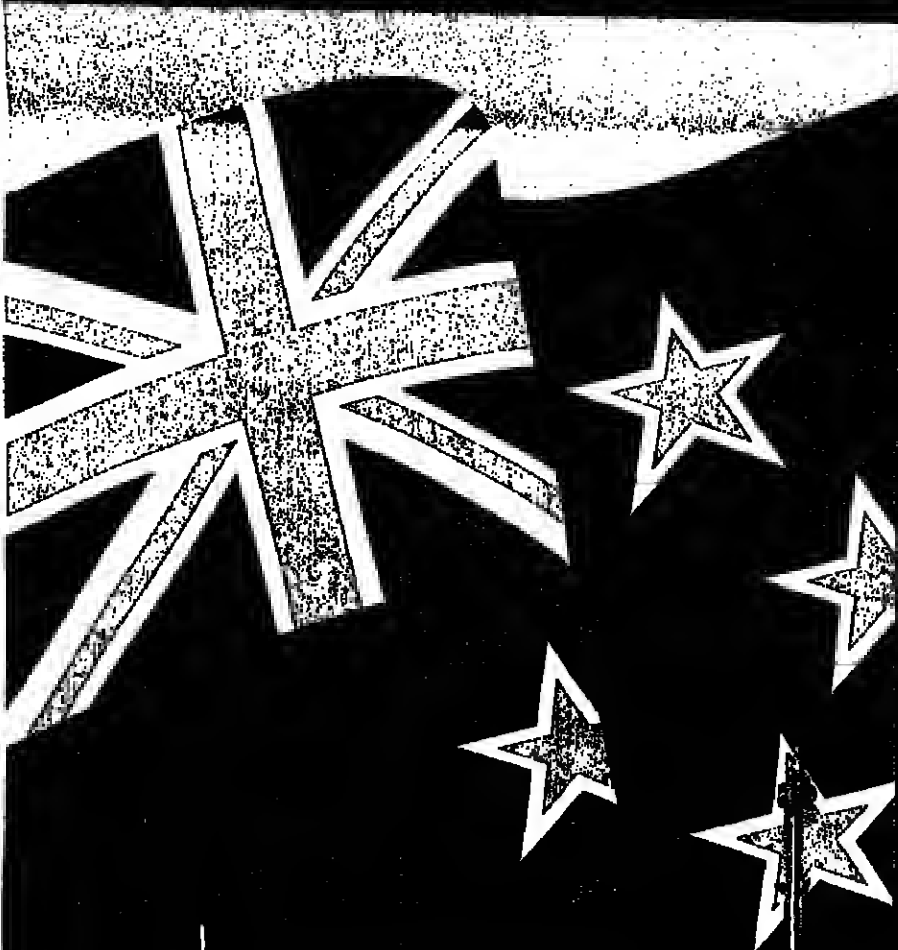
The discrepancy — 2332 million kilowatt hours — accounts for about 12 per cent in electricity consumption in the country in that year.

Comalco had made a mistake in its returns to the department. It listed its daily plant

capacity rather than annual electricity use.

The company which sells Tiwai Point's product, like the oil companies which sell the refined product from the Marsden Point Refinery are, for the purposes of preparing statistics, "wholesalers". They are listed with thousands of other "wholesalers, retailers, hotel and restaurant trade".

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## New Publication

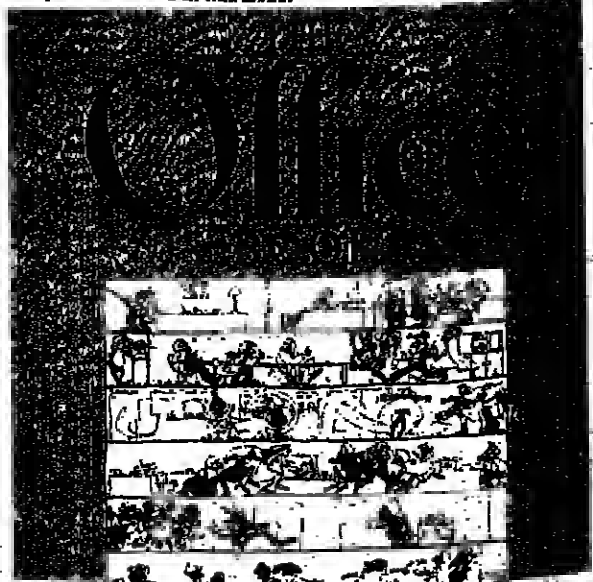
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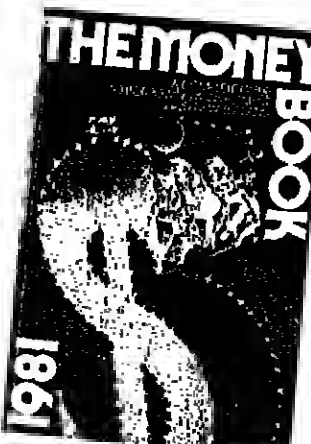
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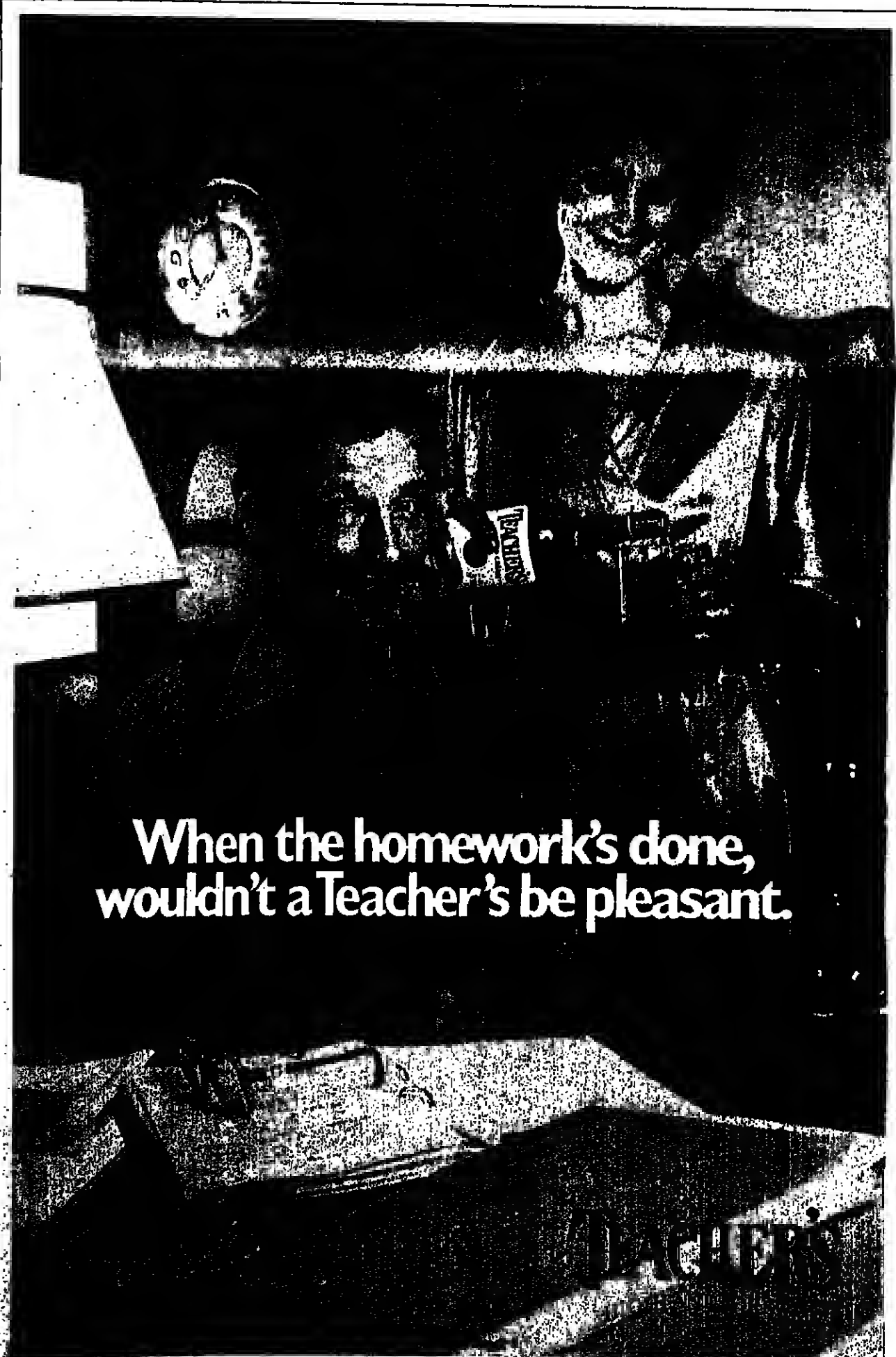
The just published 1981 edition of The Money Book is a gilt-edged purchase at a time when borrowing and investment decisions have never been more important.

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# To help make a true New Zealand Champagne Montana imported this Frenchman.

First Montana sent their winemaker to Reims to learn the finer points of the Champagne art from the French.

Montana had previously planted acres of Pinot Noir — the grape the French use for their premium Champagne.

Next they harvested, pressed and fermented the wine. Just like the French do.

They bottled, sealed and stored it lying down in a cool cellar for a year. Just like the French do. They placed it in riddling racks and turned it to complete the 'remuage'. Just like the French do.

'Dégorgement' was undertaken with the help of equipment imported from Epernay, France. That's where our Frenchman became involved.

Stephane Detrier arrived to ensure this equipment would complete the penultimate step with the precision and finesse it had been designed for.

Finally Montana corked and wired each bottle. Just like the French do.

Only then did our Frenchman sample a glass of chilled Montana Lindauer Champagne and pronounce it to be 'trés bon'. Just like New Zealanders will.

Montana Lindauer Champagne is due for release in December, just in time for Christmas celebrations. Look out for it.



by Allao Parker and Claudia Perkins

THE New Zealand Kiwifruit Authority, with make-or-break power to decide who gets a slice of the multi-million dollar a year export business, operates under vague legislative criteria for determining licence-holders.

The authority must take four factors into account when considering applications: industry need; the applicant's ability to maintain an "efficient export distribution service"; the financial standing and repute of the applicant; information that may come from the Trade and Industry Department and its trade commissioner service.

The latest round of applications were decided on industry need, according to an authority spokesman.

In particular, it took into account three resolutions about the needs of the industry.

One was a Kiwifruit Exporters' Association adoption of a market-spread policy.

The KEA wanted to ensure licence-holders should be prepared to go into markets rather than just concentrate on "cream" markets and thus disrupting export development internationally.

The second resolution was the 5 per cent minimum crop share.

The third was a decision by the authority that it considered the industry did not need new licence-holders and did not need to replace the two dumped licence-holders "in view of their small market share".

An authority spokesman said this last resolution was based on latest crop estimates for the 1982 season.

Initial Ministry of Agriculture and Fisheries forecasts indicated a crop of nine million 25g trays — up 50 per cent on 1981.

"However, the latest MAF estimate is that next year's crop won't be much ahead of the 6.5 million trays this year," said the spokesman.

On that basis, the authority decided the existing companies could cope with the market.

The spokesman confirmed that the applicants were not told of these criteria until they arrived at the hearing on November 5.

TNL's general manager (marketing and development), Dexter Taylor, told *NBR* last week: "We are naturally disappointed at being turned down again. With the growth of the industry, there is going to be a need for experienced companies in the export field."

The company felt it had the financial resources and experience to become an export licence-holder — a feeling confirmed by the authority in its rejection slip.

The letter described TNL as "a substantial company with significant experience in the export field."

Said Taylor: "We felt flattered by the remark, but very disappointed by the decision."

Apple and Pear Board general manager Jim Bremner said the board was also "naturally disappointed".

The board's application followed a "large number" of inquiries from growers wanting board involvement in the export of their crop.

Bremner felt the board had "a great deal to offer" the industry. He believed ground support from growers for board involvement will grow.

Said Bremner: "Before this application we had done no lobbying with the growers because we felt our case could stand on its merits."

"We may now actively look for support."

Like the other unsuccessful applicants, Wilson Neill managing director Robert Wilson was "naturally disappointed" after being knocked back a third time.

"With the sheer volume (of kiwifruit) that is going to be produced it should be all hands to the helm."

The company, he said, had a proven track record in horticulture.

The unsuccessful applicants

were reluctant to criticise the authority openly — many will reapply for a licence next year.

But behind-the-scenes they are caustic about a system that gives the authority wide powers of investigation and potentially allows competitors of applicants access to their financial situation.

For example, the general conditions of the licences allows the authority to examine the books of the holders to see if they have fulfilled the licence requirements.

Said one: "The probing (by the authority) is much more intensive than a bank report — or even what you would divulge to shareholders."

Exporters' representatives on the eight-member authority are Mr Ted Carroll of Produce Markets Ltd, Auckland, and Mr Don Turner of Turners and Growers Exports Ltd.

Both these companies had their licences renewed, as did Turners (Tauranga) Ltd, another Turners and Growers company.

The authority's assistant secretary Bob Wilson told *NBR* last week that neither Turner nor Carroll took part in the export licensing hearings.

"They were not very keen to look at the financial records of the applicants; they felt it would be immoral to do so."

When the applications were ruled they took no part in the assessment.

The Turners (Tauranga) Ltd licence was revoked last year by the authority, but renewed on appeal to Robert Smellie QC, an independent arbitrator appointed by the president of the New Zealand Law Society under the authority's appeal provisions.

Other companies to have

their licences renewed are Auckland Export Ltd (recently taken over by Fletcher Challenge subsidiary Wrightson NMA), Dalgety New Zealand Ltd, Fruited Export (a New Zealand Fruit-growers Federation organisation) and Jordan Export-Import Company Ltd.

Opinion among would-be exporters and growers alike about solutions to the perceived impasse centre on two areas.

Some believe one controlling body, rather than a select few companies, should handle all export sales.

"I feel that in the future it (kiwifruit exporting) will come down to a Meat or Wool Board type organisation," said one.

Others believed the authority should set strict criteria for licence-holders to ensure adequate control and orderly development of the industry.

Any organisation prepared to meet those criteria should then be allowed to export the lucrative crop.

Pressure for some reform will undoubtedly increase as production volumes increase (one MAF estimate suggests earnings could be as high as \$500 million by 1990).

One rejected applicant told *NBR*: "There will come a time when, I believe, the public eye will come more sharply on them (the authority) as pressure for selling grows."

"I believe the time will come when people will ask: 'Is justice being done by so few to so many?'"

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## Plastics

## Trigon aims to boost exports by a third

EXPORT earnings of \$3 million are targeted for Trigon Plastics Ltd this year, a growth of 36 per cent over last year's export performance, says general manager Len Belz.

The company's indirect exporting performance should reach \$2.7 million during the current year, says Belz.

This is a significant achievement, considering Trigon's exporting career only began in 1975 with a \$75 order for garbage bags from Western Samoa.

Important contributions are being made by several recently completed major projects in product research and marketing development programmes, Belz told NBR.

These include an innovative shrink wrap technique which reduces weight loss in frozen lamb carcasses, and the formation of a new joint company specialising in integrated systems for food packaging and processing with Ralph Engle Systems Ltd.

Belz said the company had also achieved a major breakthrough into the bulk polyethylene film market, especially for use in the coffee industry.

The marketing success with polyethylene film, especially to Papua New Guinea, formed the basis of Trigon's entry in this year's Plastics Institute-Union Steamship Company Export Award.

Belz said significant exporting success came from a con-

This survey on the plastics industry is prepared by David Peach in association with the Plastics Institute of New Zealand.

certed effort on three main film products. The company won a major contract to supply the 12-month packaging requirements of Papua New Guinea's largest supermarket chain, and significant amounts of coloured polyethylene film was exported for use by the coffee industry.

The film is used as a substrate for sun-drying coffee beans. Other films exported to PNG were destined for use in the building industry, mainly for wall-lining and concrete underlay.

Belz said the industry's entrepreneurial approach and innovative flair had seen many new export products developed and many new export markets opened up.

The Industries Development Commission had also concluded in its report on the industry that the existence and development of a flexible packaging industry had an important role to play in New Zealand's economy, he noted.

The IDC's conclusions reflect Trigon's own thinking about future directions, Belz said.

"In the years it has taken us to build our exports to within reach of \$3 million, we have established a sound home market for relatively non-technical flexible film products.

"The variety and market

growth of these products has been achieved in part because of the absence of low-cost and often subsidised imported products."

Belz said Trigon's long-term development commitments were possible only because import licensing provided a secure home market base.

"This left us free to concentrate specialist skills in areas where packaging expertise is not an end in itself, but where it fulfills an essential strategic need in support of primary product exports."

Trigon and Ralph Engle Systems Ltd's new joint consulting and marketing company, Tri-Engle Ltd, meanwhile combines expertise in the design of engineering systems for food processing with high technology in specialised flexible film packaging.

The method of approach, however, is the essential characteristic of the new company and the reason for its formation.

All Tri-Engle's activity is based on a totally integrated systems approach.

Both parent companies believe food-processing industries (including those of the primary sector) have historically had to cope with the difficulties of piecemeal development. In the past, equipment engineers

worked independently of film technicians and their achievements were not necessarily linked together.

Tri-Engle's objective, therefore, is to assess and improve not just one operation at a time, but to consider the overall function of a processing plant, says Belz.

The next step is the planning and design of integrated systems incorporating carefully researched work flow management techniques as well as machinery and equipment based on modern technology, he said.

"A Tri-Engle redevelopment programme should ideally include everything from the siting of the buildings, all the

way through to packaging details and loading bays," said Tri-Engle partner, Ralph Engle.

Within the meat industry, which RES and Trigon have each given special developmental attention over many years, the new venture is being very well received.

The formation of the company offers primary producers a local multi-skilled agency with long-term commitments to assisting primary industry.

A major Tri-Engle project involves the packaging of frozen lamb carcasses, using flexible film to replace stockinette.

Trial shipments of wrapped carcasses are currently arriving in several European destina-

tions, and initial reports are most favourable, said Belz.

The object of the new shrink wrap technique is to reduce weight loss through dehydration, thus increasing product value and overseas earnings.

To meet this objective, Tri-Engle is able to design and build an integrated packaging system for automatic handling, packaging, labelling, shrinking, freezing and storage.

Belz said the next development phase would be to extend the technology to enable carcasses to be packaged before freezing, while avoiding the problem of ice build-up. This would further reduce dehydration and enhance the quality and value of the product.

## Newcomer expands services

A newcomer to the local plastics, resin and machinery supply scene, Hunt Agencies, now boasts a nationwide customer service with the opening of a Wellington office.

Former Chemby man Steve Ranson will run the Petone-based office and from there will service both local and South Island interests.

Hunt's Laurie Cranfield said the Wellington operation had been set up as a separate company from the Auckland office, and would be required to generate its own business and run as an autonomous profit centre.

Cranfield said the move to have fulltime representation in the Wellington region and in the South Island was a planned expansion of company activity.

"Our reputation and expertise is now becoming well known, and accordingly we are being offered top-notch agency lines. We owe it to both our customers and the overseas concerns we represent here in New Zealand to have a true nationwide representation."

Cranfield said one agency that Hunt holds, for Metalmechanics injection moulding machinery, should especially benefit from the opening of the Wellington office.

He claimed the Metalmechanics moulders were top-of-the-line machines, and a new model, trade named Penta, should be very much in demand.

Auckland-based Taurus Plastics Ltd has recently installed two Metalmechanics

machines, and to supervise their installation and provide technical service and backup, Hunt has enlisted NZCE plastics-qualified expert Warwick Spedding.

Cranfield said the two new machines installed at Taurus Plastics make extensive use of micro-processors for total and precise control of all machine functions.

He said as Taurus was the first company in the country to use this new machinery, its operation was sought to allow prospective machine-users to view the equipment in a working situation.

Cranfield said this type of co-operation, was invaluable to his company, as was the co-operation offered by other customers.

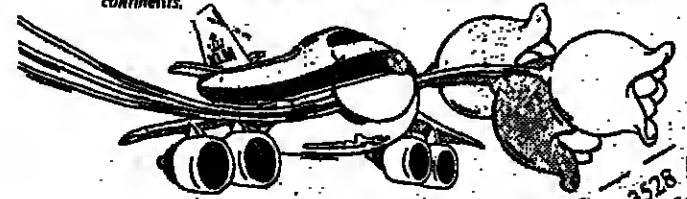
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## Plastics

## Meat industry backs film trials



## Crayfish container wins export award

A polystyrene container, used for the export of live crayfish, has won for its designers and manufacturers the 1981 Plastics Institute of New Zealand-Union Steamship Company Export Award.

The award, a landscape painting by local artist E B Lacey, was presented to Beia Plastics Ltd managing director Roy Battison by retiring Trade and Industry Minister Lance Adams-Schneider earlier this month.

In presenting the award, the Minister said the achievements of the Upper Hunt company were an excellent example of the plastics industry assisting other to achieve spectacular results.

He said live crayfish were being exported by a local fish exporter prepared to take on established Australian exporters supplying the Japanese market. "Initially, a death rate of 20 per cent was not uncommon when live crayfish were exported in conventional expanded polystyrene boxes."

"But with Beia's container, the mortality rate of crayfish has been reduced to virtually zero, and the fish are held at critical temperatures during 72 hours of shipment," said Adams-Schneider.

In the 1980 season 1800 containers were used; this season has seen a 250 per cent increase in sales, and next season's requirements are estimated at 10,000 units.

Adams-Schneider said that the efforts of Beia Plastics was indicative of the progressive role of the plastics industry generally.

"The industry has come a long way in a short space of time, and now plays a very significant role in New Zealand's economy."

In the past two years direct exports of plastics products have increased dramatically, from \$22 million to \$55 million.

"This growth attains even greater significance when one takes into account the industry's indirect contribution to export sales - estimated to be approximately \$300 million for the current year."

Adams-Schneider said it was gratifying to note the

NATIONAL meat industry recognition of the benefits of using plastic films for packaging frozen lamb and sheep meats has led to new packaging trials being conducted at the Tomoana Freezing Works, near Hastings.

The project, initiated by the Auckland Farmers Freezing Co-operative and the AHI Plastic Film Company Ltd about nine years ago, has been "picked up" by the New Zealand Freezing Companies Association and the Meat Producers Board.

Both organisations have accepted responsibility for funding the further development jointly with AHI.

AHI Plastic Film introduced the plastic bags used in the trials.

The work being done now is aimed at developing the system to a stage where, with union acceptance, it can be used in full commercial trials in the new killing season starting this spring.

Currently stockinette bags are used by the freezing industry to wrap carcasses but these have a number of important disadvantages.

The new product will overcome these. The bags are impervious, they allow clear printing of brands and grades and they prevent moisture loss, leading to more attractive

"bloom" or meat colour after normal storage periods.

The system being developed involves the use of specially developed carcass handling and shrink packaging machinery to apply revolutionary new pre-shaped plastic bags.

Together these will remove a lot of the present drudgery associated with applying conventional stockinette bags and will provide important improvements in carcass quality.

The new system will allow the frozen carcass to move along the specially developed supporting conveyors which in turn will allow application of the bag. After heat-sealing the open end to give an essentially

air-tight package, the carcass is passed through a heat-shrink tunnel which results in a near skin-tight wrap.

The AHI film used has a unique textured outer surface with good frictional properties, and tests by the Meat Industry Research Institute have shown that shrinked carcasses in the new film have equal or better frictional properties than those in stockinette.

Because the film is semi-transparent, the full colour and conformation of the carcass which a buyer uses to judge its worth can also be seen by the customer without having to remove the wraps.

\* A message of financial importance to Management Executives, Company Directors, Property Developers, Personnel Officers and others concerned with increasing staff morale, productivity and profits.

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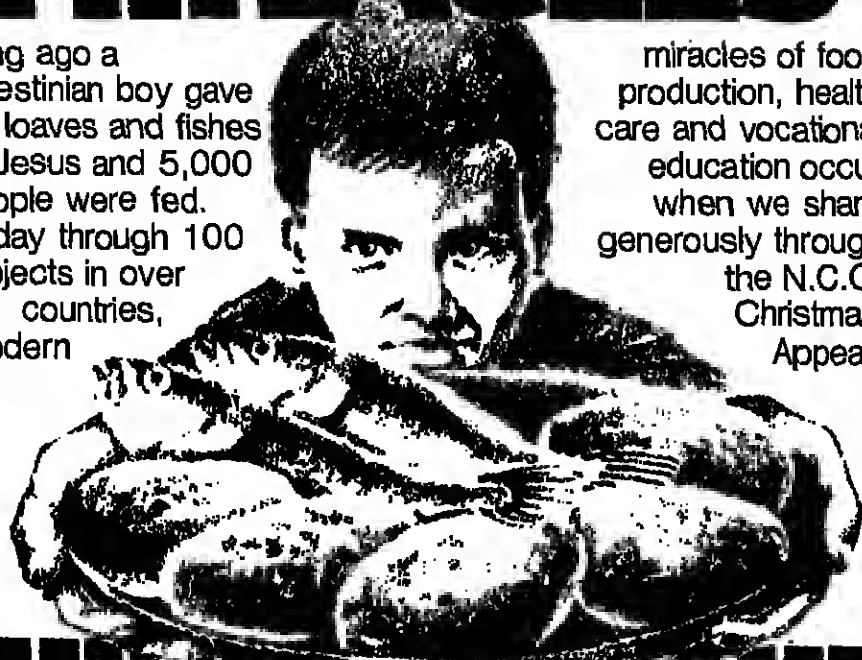
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## Media

## French-language Pacific 'glossy'

by David Robie

A NEW monthly magazine in French and English will soon be launched across the South Pacific — and the first issue is devoted mainly to New Zealand.

Called *30 Jours* (30 Days), the 68-page glossy publication is styled rather like the city magazines which have flourished in California, Sydney and Auckland.

With an initial circulation of about 25,000 it will become the largest pan-Pacific magazine, eclipsing even the old-fashioned but popular *Pacific Islands Monthly*.

*30 Jours* is being published by a bright editorial team in the New Caledonian capital of Noumea and will have a double-target market: Australia and New Zealand to give a French perspective to the Pacific, and the French-

speaking territories to provide a regional medium.

Editorial director Hubert Chavelet is confident Australian and New Zealand advertisers will be as keen to book space in the brightly presented colour magazine as the big international advertisers from France and Europe that have already done so.

"We believe this is a market which has just been waiting to be tapped," he told NBR. "This is a magazine which will appeal to people with a global view of the Pacific."

Chavelet, an editor with wide international experience, directed the Noumea daily *France Australie* for four years until its backers, the giant Societe Le Nickel, tired of picking up the tab for its losses. But his dynamic editorship did much to revive the paper's fortunes.

After returning to Europe, the lure of the Pacific became too strong and he went back to Noumea to launch *30 Jours*.

In French Polynesia 13,000 copies of the magazine will be distributed as a free supplement for readers of the daily *La Depeche de Tahiti* and about 6000 members of the Alliance Francaise in Australia and New Zealand will also get copies.

The French airline UTA plans to distribute about 1000 copies on its aircraft flying through the region and the rest will be on news-stand sale (cover price \$3 in New Zealand).

According to the Noumea weekly *Corail* "This monthly will probably seek to be something like the counterpart of *Pacific Islands Monthly*, which for 50 years has been informing the English-speaking Pacific."

But in fact the newcomer is more likely to be a rival to *PIA*, particularly if it extends its English-language summaries of articles into a fully bilingual magazine. *30 Jours* is less political and with its more general and attractive appeal could attract a much wider audience.

The nine-page cover article of the pilot issue is devoted to the tiny New Zealand community of Akaroa, France's "lost Quebec" settlement in the Pacific.

The issue also has colour photographs and an article about glamour jockey Linda Jones, and an interview with Foreign Minister Brian Talboys in which he talks about the winds of change in the Pacific.

"Why *30 Jours*, the French magazine in the Pacific?" asks Chavelet. "I could give 30 reasons. I'll give only one . . . and that is put forward by Mr Talboys who received us when our project was still in limbo."

"He says: 'Everything that is done to break down isolation of the Pacific contributes to the enlightenment and development of this region.'"

Of the 40 publishers in the BPA, producing over 100 nationally distributed business, trade and technical publications, 22 members are eligible to become members of the ABC while the balance are due to lack of a paid circulation.

## BPA joins audit bureau

THE Business Press Association (BPA) has been given specific membership on the management committee of the New Zealand Audit Bureau of Circulations (ABC) and is represented there by its newly elected national president Reg Birchfield, managing director of Fourth Estate Holdings.

As the BPA is a numerically strong, though newly fledged, organisation, it would seem a natural progression for both parties. But it entailed a constitutional change for the 15 year old ABC.

The new publisher member on the management committee is in addition to representatives

from the daily metropolitan press, the provincial and country press, the advertising and the publishing agencies.

Of the 40 publishers in the BPA, producing over 100 nationally distributed business, trade and technical publications, 22 members are eligible to become members of the ABC while the balance are due to lack of a paid circulation.

The Audit Bureau of Circulations is, by definition, an extremely conservative body with a habit of casting a cold and steady eye on any newspaper or magazine which makes circulation claims without being able to substantiate with the irrefutable, unchallengeable proof of an audit carefully carried out in a prescribed form.

As a non-profit organisation it must steer a tightrope course between boom, bust and balancing act, a couple of years ago, staggered the industry with an increase in its subscription rate — the first increase in 12 years.

— Greg Wigg

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## Marketing

## Do-it-yourself research pays

HOW do you put together problem-solving marketing information without paying a penny for research?

Victoria University senior lecturer in marketing Richard Brookes set out to answer that question in an address to the SMEI national convention recently.

Formal marketing research is often avoided because of high cost, lack of time or know-how, or even scepticism about its usefulness.

But "external secondary information", — information that has been collected for other reasons — is of great importance to marketers and can be the starting point for solving many marketing problems, Brookes explained.

This desk research provides background information and once located may preclude the need for primary research — information sourced from the market itself.

Full use is not always made of the immense amount of secondary information available because executives don't know what is available, the most cost-effective way of getting it, or what to do with it when they have it.

There are three main ways to get information, Brookes advised. Approach someone else who is likely to have faced a similar need. Collect the information yourself. Use various information indexes and abstracts.

The larger libraries will have similar publications which abstract articles from a wide range of marketing and related journals. The Department of Statistics catalogues statistics under a wide range of subject headings and tells you where the information is available.

Today many indexes are available via international computer linked systems, providing an almost instantaneous search and retrieval service relatively cheaply.

Secondary information can be obtained directly from the originating source (example: a

Census of Population and Dwellings report) or from a secondary source (example: a *National Business Review* article reporting on the information contained.)

The original report is more likely to be complete but a well presented secondary source covering a variety of original sources may save time and effort.

Brookes exemplified a number of available sources of secondary information.

Government and various governmental bodies and departments are the largest source of marketing information. The published information is extensive and examples are Department of Statistics publications, Reserve Bank bulletins, Trade and Industry *Export News*.

Trade, professional and technical associations are interested in securing and disseminating information at relatively low cost.

Industrial and business organisations both have, and are willing to release, needed information.

Financial data sources are numerous, ranging from filed reports at the Companies Office to NZUC analyses and various investment publications.

Commercial and trade publications include media and research reports by market research companies which are available for purchase although the real benefit comes from use over a period of time.

YOU need to undertake formal market research when the risks involved in a particular set of marketing activities are unknown — or not sufficiently well known to enable you to make a sound decision. Here are three such occasions:

- 1: New product launches;
  - 2: New creative directions in your advertising campaign;
  - 3: Product modifications.
- Also when your knowledge about the market is insufficient to allow you to plan whether it is time for growth or retrenchment or rationalisation of product lines. These conditions present three more circumstances for considering market research.
- 4: Identification of opportunities for growth.
  - 5: Identification of growing or declining markets.
  - 6: Obtaining a general overview and understanding of your market, and your product versus that of your competitors and your product's positioning against that of others.

— from the address by the Wellington managing director of Heylen Research Centre, Ken Pink-Jensen, in the national SMEI convention.

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At this stage, it is requested that applications be directed to the first instance to:

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## Law

by Jack Hodder

## Judicial politics: politic and judicious?

THE politics of the judiciary is often regarded as a disreputable topic for discussion. Judges are politically independent, it is rightly said. But they are not political innocents.

As one disreputable University of London law professor put it: "On every major social issue which has come before the courts during the last 30 years — concerning industrial relations, political protest, race relations, government secrecy, police powers, moral behaviour — the judges have supported the conventional, established, and settled interests."

In more political terms, judicial support has been found more forthcoming for the "haves" than the "have-nots". These matters are relevant to New Zealand as a degree of non-remuneration builds up in favour of a bill of rights and for a written constitution. Both Labour and Social Credit election manifestos contemplated such developments which could not

help but significantly increase the powers of the judiciary.

It is in that context that we might note some recent judicial decisions on in the local government of London. Many *NBR* readers will be familiar with that city and recall that it has some of the most expensive public transport in the world.

They may not know that the Greater London Council has primary responsibility for the city's public transport. The GLC has a statutory duty to "develop policies... and carry out measures which will promote the provision of integrated, efficient and economic transport facilities and services for Greater London."

GLC elections were held in May. The Labour ticket produced a manifesto promising a "Fares Fair" programme whereby fares would be cut by 25 per cent. At the election it

displaced the Tories as the majority party on the GLC and proceeded to implement the 25 per cent cuts in fares.

Regrettably (but predictably) usage of London public transport did not increase to cover the cost of the fare cuts (that was not the GLC majority's intent or expectation) and additional monies had to be raised.

To do this, the GLC issued a supplementary rate precept to the 35 boroughs which make up Greater London, requiring them to levy a special rate on ratepayers. This special rate had to cover not only the cost of the fare cuts themselves but also the loss of a central government block grant from general taxation (a punishment for the increased expenditure — which constituted overexpenditure).

One of the Conservative-controlled London boroughs took legal action in response to

the special rate demand from the GLC. It argued that the Act imposing public transport duties on the GLC required fares to be fixed in accordance with business principles and that the 25 per cent reduction contravened such principles.

The first judicial round took place in the divisional court and resulted in a 2-0 win for the GLC on November 3, 1981.

Lord Justice Dunn and Mr Justice Phillips were agreed that once it was accepted, as it must be, that London Transport was not expected to make a profit (the Act provided for the GLC to make grants to the London Transport Executive) then the "business principles" argument required severe qualification.

Such "business principles" were directed to profit-making concerns. The GLC could not provide a free service (if that had been intended the Act

would have said so) but it was for the GLC to decide how much of the expenditure was to be met by fares and how much by grants.

The complaining borough had not shown that the GLC had taken irrelevant factors into account or failed to consider relevant factors or acted unreasonably. The special rate demand was, said the divisional court, lawful.

Round two took place a week later in the Court of Appeal. The GLC lost 0-3. Lord Denning and Lords Justices Oliver and Watkins agreed in language of varying intensity that a 25 per cent decrease in fares was not promoting "economic" transport facilities.

Lord Justice Oliver held, in the most restrained of judgments, that the GLC's proposals were invalid because they were not directed to economic (meaning cost-effective or not wasteful) transport facilities.

This has prompted an English legal commentator to call for adoption of the American practice of filing a "Brandeis brief" — a comprehensive review of the current state of relevant knowledge in the social sciences and economics.

In the GLC case, the commentator suggested, such a brief could have established that virtually every metropolitan public transport system runs at a loss but that there is sound economic and social reasons for subsidising them.

Interestingly enough, a divisional court ruled in late October that the British Minister for the Environment had unlawfully in proceeding to withdraw the central government block grant from six (Labour controlled) London boroughs as a punishment for over-expenditure without hearing any representations that the boroughs wanted to make.

The Minister had acted in his own discretion to reconsider. The court's decision has caused a fair flurry, not least because the GLC's leader, Ken Livingstone, is fast replacing Tony Benn as the "wild man" of the left wing of the Labour Party in Britain.

One letter published in the famous right-hand corner of *The Times* letters page suggested that London be renamed "Denningsgrad". Mrs Thatcher is reported to have congratulated the successful complainant borough.

The third (and final) round, before the House of Lords, is expected to be decided by early December.

The past year has seen a string of reversals of Court of Appeal decisions by the Lords, but the lower courts ruling against the GLC is likely to enter British political mythology regardless of another example of conservative judges slapping down socialist policies.

One feature of the Court of Appeal's decision was a degree of economic optimism by the judges. Lord Justice Watkins regarded the proposition that London Transport could not be run at a profit as "a counsel of despair".

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## Growing promise from coal-into-oil hydrogenation

by Klaus Sorensen

ACCORDING to BHP researcher Dr Naomi White, "it is still marginally more expensive to convert coal to oil than to buy from Opec." But the way he says "marginally" excites the interest.

White oversees BHP's hydrogenation programme at the Melbourne research laboratories where the company has successfully produced oil and petrol from coal — with considerably more efficiency and ease than previous attempts.

But while the costs are relatively high, White obviously believes the time will come when either a shortage, or another price escalation in crude oil prices will turn the spotlight on his process.

Hydrogenation is a startlingly simple process, which relies on the fact that both coal and oil are composed of the same elements of carbon and hydrogen.

Oil merely contains proportionally more hydrogen to carbon than coal.

The trick is to add hydrogen to coal under pressure and the result is oil.

While this hydrogenation process might sound simple, it requires a relatively complicated plant.

According to White, the initial arithmetic is simple — 2.5 barrels of oil can be produced from one tonne of coal. At around \$30 a tonne of coal, this gives a cost for the resultant oil of \$10 a barrel — before the addition of any capital cost.

An economic plant would need to produce a minimum of around 60,000 barrels of oil a day, says White, and the cost of such a plant would be "upwards" of \$3.5 billion.

This is in marked contrast to the little waist-high autoclave

"pressure cooker" with which the company first began its test.

The autoclave still sits in a small laboratory at the Melbourne research laboratory and can quickly turn coal to oil.

The autoclave completes the process in one hour at a temperature of 477deg centigrade and at a pressure between 3000 and 3500 pounds a square inch.

In the first stage, coal is mixed with a light oil and hydrogen to produce heavy oil. This is then refined to produce petrol and light oil using a catalyst — and the light oil is recycled back into the first stage.

White is proud that the company began considering synthetic fuels nearly 18 months before the 1973 oil crisis.

The company selected coal conversion as the most promising prospective route for the production of synthetic fuels.

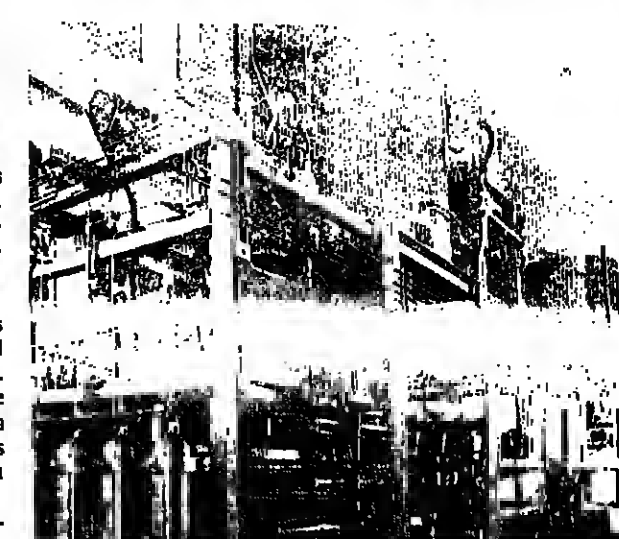
"It was clear from the start that the process selected for converting coal would dictate the type of products obtained and the first step was to ascertain what products would be most readily saleable from a synthetic fuels plant," said White.

He says the estimates for long-term supply and demand in 1973-74 suggested the major future requirements would be for transport fuels, such as petrol for cars, jet fuel, and distillate for diesel locomotives.

However, as things turned out, the fears for the long-term supply of petrol were diminished when smaller and more fuel-efficient cars were brought into production.

The research programme has since been moved to put more emphasis on automotive diesel and aviation fuels.

The three main conversion processes existed for coal when BHP began its tests. The first



Coal converted to oil in this reactor.

is pyrolysis, where the coal is heated to drive the volatile components off and some of them are then condensed to form a tarry oil.

But a lot of char is produced in a ratio of two to one to oil and this char has to be disposed of.

Part of it can be used to hydrocrack the oil and the remainder can be used to feed a power station.

The second process is the gasified synthesis gas method where the coal is partially combusted to produce a gas which can be converted to hydrocarbons by special catalysts — called the Fischer-Tropsch process. This is used in the Sasol plants in South Africa.

The third route is hydrogenation.

The company looked at all three methods including the only commercial-scale coal conversion operation at the time, the Sasol I plant in South Africa.

"The problem we perceived with the technology used in the Sasol I plant was the considerable number of chemical

electrical power generation — an option really only suitable for government utilities.

So BHP went for hydrogenation — a choice the company seems well pleased with.

The company found the coal could be hydrogenated — indeed, the process had been used widely by the Germans in the 1939-45 war, but the price was much higher than the then cost of crude.

But also found that with newer technology, coal could be hydrogenated at much lower pressures than originally used, and, that considerable advances had been made in developing catalysts to convert coal to oil.

Initial tests with the batch autoclave test revealed that a large-scale commercial unit would need to operate on a continuous basis.

So BHP constructed its first continuous reactor five years ago. "This operated for sufficiently long enough periods for us to build a larger version which we could be confident would operate satisfactorily," said White. The reactor is now being used routinely for testing

by-products produced in parallel with the 3000 or so barrels a day of transport fuels, which were the primary objective of the plant," said White.

"The technology was not an efficient user of coal, which is of little consequence in the South African situation since the coal at Sasolburg can be used for little else," he said.

Nevertheless, in the late 1970s the South Africans began work on a second Sasol plant to produce 40,000 barrels a day of transport fuels with a minimal amount of chemical by-product, and they were so confident of the new method that a third plant was also begun.

Unfortunately, according to White, "it is a little difficult to properly assess the 'new' Sasol technology since the key data are held to be proprietary information."

Nevertheless, "what little data is available in the public domain suggests that most of the original criticisms of this technology still apply."

The pyrolysis method did not appeal to BHP, because of the requirement to link it with

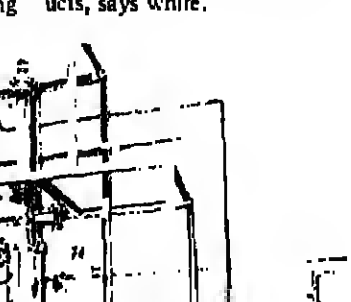
duce high quality gasolines, that is, low in sulphur and with relatively high-octane number. Specification-grade jet fuels and automotive distillates are proving to be a more formidable problem."

White notes that recent price-cutting by some Opec countries and the present oil glut have raised some doubts about how synthetic fuel projects could cope with such circumstances.

But the domestic supply situation is by far the most important factor — and White admits that Australia seems to be heading for between 50 per cent and 80 per cent self-sufficiency, depending on further oil discoveries, so only a few synthetic fuel plants are likely to be brought onstream.

"Nevertheless should a tight supply market situation develop, a business opportunity could arise for Australia in the production of synthetic fuels for export."

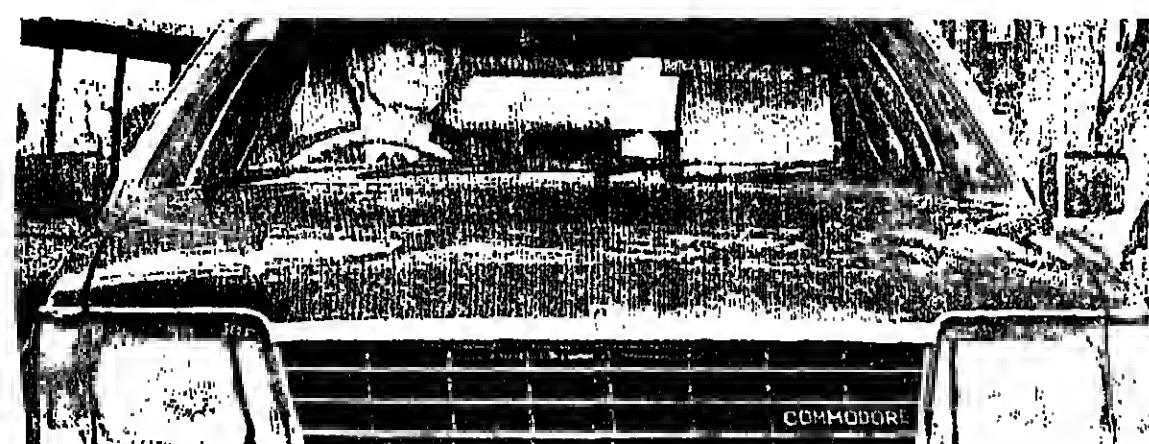
A good reason to consider exports arises from the inevitable production of some low-demand products in conjunction with high-demand products, says White.



Light distillate and gasoline removed.

coals and because of its flexibility it is also used for upgrading the coal-derived liquids to transport fuel-type products. "We have found that coal hydrogenation can readily pro-

"It would be quite reasonable to export gasoline which may be surplus to demand in order to manufacture the diesel fuels required for an expanding mining industry."



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\*Source: David Halls Inside View Special Report

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# Cows, human beings and mobilisation: 'solving'

THIS country can provide computerised basic information about every breeding cow — but has no similar information system to assist those who make decisions about our unemployed people and their future.

The information that was exchanged in the 1890s to help unemployed people to find work is no longer exchanged today. The Department of Labour then regularly telegraphed information around the country to match "job-seekers" with available jobs, thus reducing frictional unemployment. (In the 1890s no telegraph system was available to farmers to help match breeding cows and bulls.)

The Planning Council, in a 1980 report, suggested the installation of a national computerised service to match unemployed people with available jobs. But the suggestion remains "in the pipeline".

Without an accurate measure of unemployment and an ade-

quate assessment of its impact, it is difficult to make appropriate decisions to counteract the problem or for the public to appreciate its real impact (just as an inadequate measure of inflation could lead to inappropriate Government anti-inflation policies, and to unjustified salary demands by workers).

The Government is resisting the idea of a household labour force survey, internationally accepted as a method of obtaining an accurate measure of unemployment on the grounds of cost. It says \$500,000 is excessive for the information it will provide.

That judgment is made by the same politicians who last year permitted expenditure of more than \$47 million on research into agricultural production, more than \$130 million on job creation and training programmes, and hundreds of millions on farm and export incentives!

Is the objection to this survey

really based on costs? Or is the objection based on a fear of the political reaction and mobilisation possible once the real extent of unemployment has been more accurately calculated?

(To give an example of a possible result, a city-wide household labour force survey conducted in Auckland gave an estimated unemployment figure that was nearly three times the official figure.)

Why is the great bulk of Government research into employment-related issues apparently being carried out on training programmes?

The most thoroughly researched group of workers affected by current economic changes must be the displaced textile workers in Mosgiel and Shannon: fewer than 1000 people have been subjected, directly or indirectly, to at least six research projects!

In marked contrast the 31,000-odd workers placed on public sector temporary employment programmes in 1980 (with the exception of the 10,000-odd students placed) were subjected to no research projects. Nothing was done to find out why males were more likely than females to get on these schemes.

With knowledge gained, an attempt could have been made to rectify the unequal treatment of women.

No systematic attempt has been made to discover which types of public-sector job-creation projects would be most likely to lead to the eventual creation of non-subsidised and satisfying jobs.

Although their numbers may be small, those in training or restructuring situations are subjected to a far greater amount of research designed to

assist them and future occupants of their position than are those on temporary job-creation programmes.

Like breeding cattle, the former are subjected to special attention and analysis; those who don't make the grade are of little interest to policy-makers and researchers and are left to graze quietly.

But when "Thinking Big" was fashionable, ministers of the Crown and appropriate Opposition spokesmen would come up with different estimates of the number of jobs a particular project would provide. Where, we might ask, is the research being carried out to estimate the employment-producing potential of a given investment decision?

Professor Brian Philpott has used the PEP model to indicate an investment structure for New Zealand that will provide

a high rate of consumption growth and full employment. This represents one alternative to the "Think Big" model of employment growth.

The report of the Institute for Economic Research, *Business Investment in New Zealand*, shows that the majority of big companies surveyed have a policy of reducing their labour force, cutting costs through introducing improved technologies or by improving efficiency. Unskilled labour, predominantly, is being cut back.

This report provides a few clues to important areas of research which are being ignored. Do companies invest only where there is the maximum profit or are some investments made for reasons of prestige? What effects are subsidised private-sector job-creation programmes, accelerated depreciation allowances

and export incentive policies having on business decisions? Particularly important is their effect on decisions to employ extra labour or to invest in additional capital. If that information were obtained through research, could not the Government manipulate certain key factor input prices to encourage an optimum mix of long-term employment and economic growth?

Why is such research not being carried out? Is employment simply not important enough to merit it, or is there a fear that the results could threaten "conventional wisdom" by suggesting that new directions (anticipated to be painful for some) be followed?

Investigations into the effectiveness of private-sector job-creation schemes have led some countries to abandon or radically alter them. Would a similar investigation undertaken here produce the demise of the Additional Apprentices Incentive Scheme?

In spite of subsidising more than 2400 first-year apprentices in 1980-81, this scheme had produced no increase in apprentice numbers.

If an evaluation showed the scheme to be ineffective, could the monies spent on it (nearly \$3.4 million last financial year)

be transferred to a more effective programme elsewhere?

The request for "more research" into unemployment is made often. But what good is such research if it doesn't respond to the needs of the unemployed, of potential employers and of the society at large?

Research can help the wheels of industry to function more smoothly. That is why, in the schemes are the subject of concentrated research.

The work carried out on textile restructuring may contribute to a more "efficient" restructuring of other industries from the Government's point of view.

Research can provide information that strips away the mists of complacency surrounding a particular issue.

It would seem that the household labour force survey, research designed to explain

and promote reductions in regional, sex and racial inequalities in unemployment and research into company decision-making processes, are not being ignored because they are unimportant (unless cows really are more important than human beings).

The results of such research might promote action which the Government, politicians, employers — those who wield power over key political choices.

The research into restructuring could have been designed not to assist more effective attempts at future restructuring, but to assist people subject to structural change. (A study of the medical profession's mobilisation when faced with the White Paper on Health in 1973 would provide one model.)

There are three commonly recognised means of action for those caught in or threatened by unemployment: exit, voice or loyalty.

In the current economic situation, New Zealand has lost record numbers of skilled citizens who have left to search for a better life and jobs for their children elsewhere. This "exit" response can also be found in premature retirement, decisions to stay out of the labour force and inter-regional migration.

Another response is "loyalty": people hang on "and hope for the storm to pass". Most of the unemployed appear to be in this category, regarding their situation as temporary, hoping (and often finding) relief through a subsidised or a permanent job. But their place outside the Labour Department's door is always taken by someone else.

The third response, frequently used in the long struggles against injustice in housing, schooling, health care and employment, is "voice".

Speaking up about a problem and seeking to rectify it has been an important method of bringing about a "fair go" in New Zealand. The (brutally repressed) "riots" of the 1930s are but one example of this method of trying to achieve social justice by unemployed workers.

In the 1980s, some TEP workers have fought lay-offs by staging sit-ins and consequently have obtained permanent jobs. Media publicity, letter-writing campaigns and political pressures resulted in 87 per cent of eligible people being placed on the job-creation programmes for tertiary students last year.

It is clear that temporary job opportunities have not expanded in proportion to the rise in unemployment. It is clear, too, that a fragmentation of the unemployed, a lack of common consciousness and a lack of organisation are factors preventing the unemployed from actively challenging this development. It has been administrators, researchers, church people and opposition politicians who have raised questions, to little avail.

How then, as those who are unemployed await the "coming right of the economy" or the introduction of compulsory retirement at the age of 50, can unemployment be diminished? English rioting led directly to the creation of job opportunities in the form of a Government employment package. Discontent with unemployment is widely cited as a reason for the socialist Mitterrand's victory over the conservative Giscard in the French elections. Mitterrand has already announced major efforts to provide 200,000 jobs to be paid for by various forms of taxation on the wealthy.

In one country a social movement, in another country a political change have produced a sudden increase in the number of available jobs. A computerised job information service could assist in diminishing fictional unemployment in New Zealand.

For research on unemployment to be relevant to industrial, economic and employment growth, it must seek not only to help in oiling the wheels of industry, but also to investigate key areas of decision-making to ensure that "economic and employment guesswork" (currently so

prevalent in New Zealand) is substituted by hard-headed analysis that will permit policy responses resulting in optimum long-term rates of employment and economic growth.

For research on unemployment to be relevant to the society at large it must inform on the nature and extent of unemployment, and the various options for providing a return to full employment.

The decision not to carry out a household labour force survey and to suppress certain information or research allows the true nature of the unemployment problem to be hidden. Public concern, debate and action over unemployment are thus diminished. The *straw quo* and the injustice it produces is preserved.

In the current situation, one crucial dimension of such research should attempt to define how unemployed workers can best use voice (as opposed to "exit", for example, by defining where they should go, and as opposed to "loyalty", by defining how they can adapt psychologically to unemployment) to achieve a greater rate of job creation.

Tertiary students, to some extent, have provided one model of the organisation, consciousness and political pressures that can lead to a high rate of job-creation. Their job-creation rate last year, instead of being about the national average (30 per cent), approached 90 per cent.

If movements against unemployment are to succeed in reducing the inequalities that unemployment places on disadvantaged groups in our society, they will organise around a theme such as a "fair go for all" rather than around narrow sectional interests.

The political and economic forces that act together in shaping the country, by continuing to give unemployment a low priority (cows seem more important than humans) have undermined a central concept of social justice in New Zealand society, that of "the fair go". Will society now act to undermine those political and economic forces?

(1) Reading the annual reports of the Department of Labour for 1979, 1980 and 1981, one finds reference to many more evaluation studies, research projects and investigations into training programmes and related areas (VETP, training incentive schemes, retraining and redeployment assistance, apprenticeship graduate employment) than into programmes for "privileged" groups of unemployed workers (SCSP and taxi package). Other employment programmes were left unresearched. The only "research" carried out on the unemployed was an investigation of their educational qualifications.

(2) Research concerning the restructured textile workers has been carried out by the following people (Organisations and funding sources are detailed as are locations researched): J. Barnes and O. Wigner, Department of Labour, Shannon and Mosgiel; J. Callan, Otago University, Mosgiel; D. Perbit, Massey University, Shannon; M. Hancock, Working Women's Council, Mosgiel; R. Lang, Student Community Service Programme, Shannon; W. Ross, Victoria University, Mosgiel.

(3) Two projects on the SCSP have been completed, one published by the Ministry of Recreation and Sport, the other Calvert's thesis submitted at Victoria University. In addition the Labour Department's 1981 annual report talks of an evaluation of SCSP to be carried out.

(4) The Major Projects Advisory Group has attempted some calculations on the demand for labour in the construction phase of the "big projects". However this analysis is carried out after investment decisions have been made, it does not make calculations for the operational stages of the projects. Acknowledgements: Thanks are due to a number of colleagues for their assistance and critical comments, in particular Allan Lavett and Geoff Fougere provided useful insights in some key areas.

## Insurance

### Comprehensive cover for jet-setting executives abroad

by John Sloan

EXECUTIVES travelling overseas on company business face many risks, ranging from accidents, illness, hijacks, strikes and loss of property or money.

Overseas travel insurance is usually arranged on an individual basis or by a blanket declaration policy. Either way traps can occur because insurance can be overlooked, sums insured inadequate (especially medical expenses in the United States), or some remote risks, such as forfeited air fares or accommodation due to strikes, not insured at all.

So, for businesses, the most desirable method of insuring overseas travel is to arrange automatic cover for the widest possible coverage for a competitive premium.

Beating its new-found international muscle, the New Zealand South British Insurance Group has launched its first joint package insurance deal, "Worldwide Executive Travel Insurance".

The policy covers the basic risks of loss of baggage or money, accidental death or disablement, medical and additional expenses for medical, surgical, hospital, ambulance, nursing and emergency dental expenses, plus additional repatriation travel or forfeited travel and hotel or other accommodation expenses resulting from injury, illness, hijack, strike, riot and civil commotion.

The policy also covers personal liability for death, bodily injury or damage to other people's property.

And it provides to pay the travel costs of alternative staff who may have to be flown over to complete an assignment should the insured person, as a result of bodily injury or illness, be unable to complete the task and have to return home.

Although the basic policy contains standard sums insured they can be adopted for special clients if required.

The policy is made available to companies whose employees do a considerable amount of travel, and provides automatic coverage for all business executives who are insured.

As the New Zealand South British says: "Now all your executives are insured for all overseas business travel with just one premium payment. No more form filling for each trip, each time. Just one card covers all travel insurances on all overseas business trips."

The policy covers all travel insurance for all overseas business trips of up to 28 days. The cover is guaranteed no matter how many trips are made and where to, each year, for a flat annual premium per person.

Obviously, if executives are doing a considerable amount of overseas travel, then this cover could be cheaper rather than arranging one-off covers or even insuring under a standard declaration basis.

Another distinctive aspect of the cover is the provision of a credit card which shows the traveller is insured and can be presented to overseas agents to facilitate rapid claims attention in countries as diverse as Europe, United States, East Africa, South Africa, Singapore, Hong Kong, Japan, Fiji and Australia.

Bob Scott, marketing manager for the New Zealand South British Group, said the new travel policy was proving very popular with businesses, "especially those whose executives travel a lot... they appreciate the wide automatic cover plus the simple insurance card which eliminates a lot of claims hassles for them."

The premium structure was "very competitive, particularly for regular overseas travellers," he said.

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# unemployment the fairest way possible

In his earlier article (NBR, November 18) Tom Dwyer looked at discriminatory equalities in the Government's job-creation programmes for the unemployed. In this second follow-up article, Dwyer looks at the shortcomings of official research into the problem and possible remedies the disadvantaged could resort to.

and export incentive policies having on business decisions?

Particularly important is their effect on decisions to employ extra labour or to invest in additional capital. If that information were obtained through research, could not the Government manipulate certain key factor input prices to encourage an optimum mix of long-term employment and economic growth?

Why is such research not being carried out? Is employment simply not important enough to merit it, or is there a fear that the results could threaten "conventional wisdom" by suggesting that new directions (an-

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The research into restructuring could have been designed not to assist more effective attempts at future restructuring, but to assist people subject to structural change. (A study of the medical profession's mobilisation when faced with the White Paper on Health in 1973 would provide one model.)

There are three commonly recognised means of action for those caught in or threatened by unemployment: exit, voice or loyalty.

In the current economic situation, New Zealand has lost record numbers of skilled citizens who have left to search for a better life and jobs for their children elsewhere. This "exit" response can also be found in premature retirement, decisions to stay out of the labour force and inter-regional migration.

Another response is "loyalty": people hang on "and hope for the storm to pass". Most of the unemployed appear to be in this category, regarding their situation as temporary, hoping (and often finding) relief through a subsidised or a permanent job. But their place outside the Labour Department's door is always taken by someone else.

The third response, frequently used in the long struggles against injustice in housing, schooling, health care and employment, is "voice".

Speaking up about a problem and seeking to rectify it has been an important method of bringing about a "fair go" in New Zealand. The (brutally repressed) "riots" of the 1930s are but one example of this method of trying to achieve social justice by unemployed workers.

In the 1980s, some TEP workers have fought lay-offs by staging sit-ins and consequently have obtained permanent jobs. Media publicity, letter-writing campaigns and political pressures resulted in 87 per cent of eligible people being placed on the job-creation programmes for tertiary students last year.

It is clear that temporary job opportunities have not expanded in proportion to the rise in unemployment. It is clear, too, that a fragmentation of the unemployed, a lack of common consciousness and a lack of organisation are factors preventing the unemployed from actively challenging this development. It has been administrators, researchers, church people and opposition politicians who have raised questions, to little avail.

How then, as those who are unemployed await the "coming right of the economy" or the introduction of compulsory retirement at the age of 50, can unemployment be diminished? English rioting led directly to the creation of job opportunities in the form of a Government employment package. Discontent with unemployment is widely cited as a reason for the socialist Mitterrand's victory over the conservative Giscard in the French elections. Mitterrand has already announced major efforts to provide 200,000 jobs to be paid for by various forms of taxation on the wealthy.

In one country a social movement, in another country a political change have produced a sudden increase in the number of available jobs. A computerised job information service could assist in diminishing fictional unemployment in New Zealand.

For research on unemployment to be relevant to industrial, economic and employment growth, it must seek not only to help in oiling the wheels of industry, but also to investigate key areas of decision-making to ensure that "economic and employment guesswork" (currently so

prevalent in New Zealand) is substituted by hard-headed analysis that will permit policy responses resulting in optimum long-term rates of employment and economic growth.

For research on unemployment to be relevant to the society at large it must inform on the nature and extent of unemployment, and the various options for providing a return to full employment.

The decision not to carry out a household labour force survey and to suppress certain information or research allows the true nature of the unemployment problem to be hidden. Public concern, debate and action over unemployment are thus diminished. The *straw quo* and the injustice it produces is preserved.

In the current situation, one crucial dimension of such research should attempt to define how unemployed workers can best use voice (as opposed to "exit", for example, by defining where they should go, and as opposed to "loyalty", by defining how they can adapt psychologically to unemployment) to achieve a greater rate of job creation.

Tertiary students, to some extent, have provided one model of the organisation, consciousness and political pressures that can lead to a high rate of job-creation. Their job-creation rate last year, instead of being about the national average (30 per cent), approached 90 per cent.

If movements against unemployment are to succeed in reducing the inequalities that unemployment places on disadvantaged groups in our society, they will organise around a theme such as a "fair go for all" rather than around narrow sectional interests.

The political and economic forces that act together in shaping the country, by continuing to give unemployment a low priority (cows seem more important than humans) have undermined a central concept of social justice in New Zealand society, that of "the fair go". Will society now act to undermine those political and economic forces?

(1) Reading the annual reports of the Department of Labour for 1979, 1980 and 1981, one finds reference to many more evaluation studies, research projects and investigations into training programmes and related areas (VETP, training incentive schemes, retraining and redeployment assistance, apprenticeship graduate employment) than into programmes for "privileged" groups of unemployed workers (SCSP and taxi package). Other employment programmes were left unresearched. The only "research" carried out on the unemployed was an investigation of their educational qualifications.

(2) Research concerning the restructured textile workers has been carried out by the following people (Organisations and funding sources are detailed as are locations researched): J. Barnes and O. Wigner, Department of Labour, Shannon and Mosgiel; J. Callan, Otago University, Mosgiel; D. Perbit, Massey University, Shannon; M. Hancock, Working Women's Council, Mosgiel; R. Lang, Student Community Service Programme, Shannon; W. Ross, Victoria University, Mosgiel.

(3) Two projects on the SCSP have been completed, one published by the Ministry of Recreation and Sport, the other Calvert's thesis submitted at Victoria University. In addition the Labour Department's 1981 annual report talks of an evaluation of SCSP to be carried out.

(4) The Major Projects Advisory Group has attempted some calculations on the demand for labour in the construction phase of the "big projects". However this analysis is carried out after investment decisions have been made, it does not make calculations for the operational stages of the projects. Acknowledgements: Thanks are due to a number of colleagues for their assistance and critical comments, in particular Allan Lavett and Geoff Fougere provided useful insights in some key areas.



## New interest in CER from Canberra politicians

from Keith Hooper  
in Canberra

ANY impression New Zealanders may have that Australia is not as interested as they in the much-talked-about Closer Economic Relationship (CER) was dispelled recently in Canberra.

Local members of the Australia-New Zealand Businessmen's Council decided to hold a lunch meeting and invite a few parliamentarians, who might be interested in Australian-New Zealand relationships, to come along as guests.

The ANZBC, anticipating a handful response, was astonished when, instead of five, 23 parliamentarians turned up at the Lakeside International Hotel, including nine ministers.

The 14 backbenchers

represented both sides of the House of Representatives and Senate.

As a first attempt by the ANZBC to hold a "talkfest" for the politicians, the meeting was an unqualified success, particularly as it was held on a sitting day of what has become a busy session in Parliament.

The ANZBC got over quite a few messages and equipped the MPs and senators with a better knowledge of how to deal with trans-Tasman questions when they arise in either House.

What sort of messages were passed is not clear, but other sources indicate:

- Australians no longer need convincing that it is in the mutual interest that the two countries must have something closer between them if they expect to improve their respective positions in an increasingly

competitive world, where the advantages lie with groupings such as the European Economic Community.

- There is no doubt that, irrespective whether the ruling National Party or Labour won the election this weekend, CER negotiations will be given a more urgent impetus, even if Social Credit holds the balance of power.

- CER has been played down purposely this year by Australia so that country would not be seen as exerting interference in the election.

- Despite the low profile maintained, Australian negotiators consider much advance was achieved to resolving differences which had seemed intractable of solution.

- There is an increasing genuine desire on this side that Australia must do what it can

to help New Zealand make a faster upturn from its present economic recession.

- Whatever is done in this area is not seen as being likely to affect the main thrust of the Australian economy, pegged to the resources boom.

Meanwhile, Australia in September had a visit from a research team of the Organisation for Economic Co-operation and Development, which is expected to issue early next year on the prospects OECD foresees for Australia to the year 1990.

And a team of top international investment experts late last month arrived with the same research aim.

As well as talking in Canberra with key Government figures, the visitors held talks in Sydney and Melbourne with equally important counterparts in their specific



Klaingar...down under.

fields and made trips to certain resource areas such as New South Wales' Hunter Valley and Queensland's Mt Isa.

In the test, which comprises the powerful Chase Manhattan Bank international advisory committee, were Chase head David Rockefeller, former United States Secretary of State, Dr Henry Kissinger, Ford Chairman Phillip Caldwell, Fiat chairman Giovanni Agnelli, Peugeot chairman Paul Parayre, Imperial Chemical Industries chairman Sir Maurice Hodgson, Royal Dutch Shell chairman Gerd Wager and, as spokesman for oil interests, Sheikh Ahmed Juffali.

Throughout a four-day stay, the team was surrounded by intensive security and the visit had been kept quiet until the team arrived.

The only thing certain was that the Australian Government was very satisfied that the visit had been made, especially since it came not long after ICI Australian chairman Milton Bridgland had blamed the Fraser Government for causing ICI to postpone one of its biggest Australian projects yet, the establishment of a \$A500 million petrochemical plant at Point Wilson, Victoria. Last April, it shelved a \$400 million

similar project planned for Botany Bay, NSW.

Bridgland said the Point Wilson move was off because of uncertainties surrounding Government support for manufacturing industry.

He said ICI could get no assurances that the petrochemical industry would not be included in an inquiry by the Industries Assistance Commission on areas which might have tariff cut. According to Bridgland, the Government had told his company two years ago that chemical industries would not be referred to the IAC inquiry until 1984. Yet recently the commission had been instructed to look at general tariff reductions.

What Bridgland ought to have done — he may yet do, one might expect — was to seek support in the Senate for ICI's case.

The Senate, now hostile to the Government with the Australian Democrats and a Tasmanian independent holding the balance of power, recently twice rejected the Government's overall sales-tax measure, which was a salient feature of Treasurer John Howard's 1981-82 Budget, brought down in August.

Subsequently, Prime Minister Malcolm Fraser said a third rejection would precipitate a double dissolution of Parliament. Then suddenly the Government did a turnaround and decided to review the measure, proving the Fraser threat had been bluff.

Politically, it would have been foolish to have taken the nation to an election on what would have become a highly emotive issue almost certain to lead to the ruling Liberal-National Country Parties coalition losing office, less than half way through its term, to the Bill Hayden-led Labor Party.

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## Trade opportunities in Noumea still go begging

by David Robie

WHEN New Zealand opened a consulate-general in Noumea several years ago it was partly in response to what was expected to become a major growth area in Pacific trade.

New Caledonia did grow as a trading partner, but no as fast as expected. Australia made the most notable gains and instead French Polynesia has become established as New Zealand's most important francophone trade partner.

In fact, last year Tahiti replaced Western Samoa as New Zealand's third-largest South Pacific export market and the consulate has now also become accredited to Papeete (although trade is still the responsibility of our high commission in Suva).

And in spite of an aggressive trading approach by Australia,

New Zealand is still ahead of its trans-Tasman rival in French Polynesia — and likely to stay that way.

But New Zealand still has export and import opportunities going begging in New Caledonia which will go Australia's way if moves aren't made to grasp them.

New Zealand's share of the \$400 million a year New Caledonian import market was only 4.5 per cent in the December 1980 year (up slightly from the two previous years). And yet this is our nearest South Pacific neighbour.

France, of course, topped the table with a 33.7 per cent share, but Australia (10.7 per cent) was in second place ahead of the rest of the European Common Market (8.9 per cent), the United States and Japan.

Australia has an advantage over New Zealand in that it is

supplying several products such as rice, sugar, flour and butane gas which are not readily produced by New Zealand.

However, what is really hindering New Zealand is the lack of recognition of the potential of a high-spending and sophisticated market and the fact that trade is already lopsided — in our favour. New Zealand imports virtually nothing from New Caledonia while exporting \$20 million worth.

Negotiations between New Zealand importers and New Caledonia's Services Ruraux for the supply of out-of-season and exotic fruit and vegetables — such as lychees, mandarins, grapefruit, green beans and capsicums — are under way and could lead to a breakthrough.

And imports from the Pacific territory would give a fillip to

the twice-a-month shipping service provided by Soffrana Unilines which returns to New Zealand almost empty at present.

"New Zealand could do better in exports, too, than it is managing in spite of Australian competition and import control difficulties," says Albert Carandani, marketing officer with the New Zealand consulate in Noumea.

He sees considerable prospects for products such as glass (providing prices are competitive), solar water heaters, aluminium extrusion construction products, and new roofing materials other than galvanised iron sheeting.

Air New Zealand's replacement of its weekly DC10 flight to Noumea with a Boeing 737 has also put a dent in New Zealand's exports because of a drop in available airfreight

capacity from around 20 tonnes to two tonnes.

Among casualties were a \$2 million a year trade in oysters destined for Noumea's plush restaurants. Australia filled the gap.

Although the French airline UTA also runs a weekly DC10 service to Noumea it has limited spare freight capacity because of the heavy demand for goods from France and the Common Market.

Of all the islands in the South Pacific, the French territories enjoy by far the highest standard of consumer living, at least among the elite. They are potential markets for an incredibly wide range of goods and merchandise from basic foodstuffs to luxury items; from meat to high fashion.

Overall, customers are widely-travelled, well-educated and sophisticated, and are

prepared to — and can — buy from any source in the world.

But Carandani sounds a note of caution for would-be New Zealand exporters.

"I can foresee more difficulties in future since the change of government in France," he says.

"Since the socialists gained power there has been a tendency to withhold import licences to conserve overseas funds. Trading policy is now directed towards developing local industries and to avoid importing products from countries outside the Common Market that are not strictly required."

"A common market of the Pacific would be the answer. We could certainly buy within our region instead of buying from Europe — if everyone in the Pacific was trading on such a pattern."

Tahiti's trading policy is different from New Caledonia's. It has greater freedom over choosing its trading partners.

But with the economic and political reforms being considered by President François Mitterrand's administration for both New Caledonia and Tahiti a "Pacific common market" is no longer a far-fetched dream.

Dick Ukeiwe, vice-president of the Government Council in New Caledonia, is confident his administration will soon have greater control over its own trade policy.

"I'm sure New Zealand could have a better place in our trading relationship than it has. Better control of our own affairs would help this," he says.

But because of high import duties and indirect taxation, the cost of goods on the local market is expensive. For example, a product which sells in New Zealand for, say, \$1 would be priced at least \$2.50 in New Caledonia.

At present, meat is the major export commodity, earning \$3.1 million in the December 1980 year. This was followed by timber (\$2.3 million) and dairy products (\$2 million), then manufactured goods (\$1.7 million).

Several New Zealand companies have taken a keen interest in joint ventures with New Caledonian firms such as in ice cream products, the paper industry and stock feed.

Nickel, in spite of the depressed world market, is still by far New Caledonia's big money-spinner, supporting about 75 per cent of the annual territorial budget of around \$220 million. Last year, 2,012,100 tonnes of nickel were exported — slightly down on 1979.

Some New Caledonians in the import-export business see the present population of 140,000 as being too small. Only about 70,000 buyers comprise the market which is near saturation, they say.

They argue that with a growing population of 200,000 (boosted from immigration) and expanding industries, the market would boom.

But this concept is politically unacceptable to the largest ethnic group, the Melanesians, who are already bitter about being a minority in their homeland.

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## Tourism

## Across the Pacific — and almost a world apart —

by Frank Thorpy

ATTRACTIVE these days for dollar-careful New Zealand tourists and definitely different — if not delightfully so — Chile and Argentina are neighbours worth getting to know.

The South American continent has become readily accessible to New Zealanders through the excellent Aerolineas Argentinas polar flight, which links Auckland and Buenos Aires direct in about 10 hours nonstop.

On my previous visit to Argentina last December, the exchange rate was 2300 pesos to the US dollar and prices for the tourist were stupendous. (Example: between \$4 and \$6 for a can of beer or a coffee in a good establishment.)

I always have a meal at La Cubana, famed as the best steak

restaurant in a country famous for steaks. Last December at lunch, for a fillet steak, a salad, a roll and a half bottle of wine, the bill was \$US70!

In October, with the exchange rate around the 8000 pesos to the US dollar, an excellent three-course dinner including fresh strawberries and cream for dessert at the same restaurant with my wife, came to less than \$US30 for us both.

At the present rate of exchange (about 11,500 pesos to the US dollar a few days ago) Argentina is a great bargain for the New Zealand tourist.

Buenos Aires is an elegant, well disciplined city with the best shopping in South America. Leather handbags, shoes and items such as men's shirts, are all well made and, though not cheap, represent good value for the quality.

Florida, the main shopping

mall in the heart of the city, is like a miniature Bond Street crammed with luxurious merchandise — it even has a Harrods department store!

Everything is reasonably priced in Buenos Aires, except the hotels — the main ones have kept their prices in US dollars, not subject to the devaluation of the peso.

Despite this, we were able to find for an impecunious New Zealand friend, shocked at paying \$109, including tax, for his room at a first-class hotel on his first night in Buenos Aires, a small neat hotel bedroom with bathroom attached, right in the heart of the city at \$US15 a night. He liked it so much he extended his planned two-day stop and stayed a week.

For the tourist, Argentina is now a pleasant stop on the way to Rio de Janeiro and Europe, but for the Argentinians, the

ever-increasing devaluation, nearly 500 per cent in a year, spells trouble. Exports are down — meat exports, for example, reached only 340,000 tons for the first nine months of this year, compared with a usual figure of around 800,000 to one million tons.

According to one source, ranchers are being compelled to sell off their cattle for whatever they can get to meet their taxes and debts. This suits the Government because it helps to keep the cost of living down. Inflation is running about 120 per cent.

Fortunately, grain exports totalled 21 million tons for the first nine months, mostly to Russia. When former US President Carter asked for a worldwide ban on wheat sales to Russia, Argentina declined to co-operate and stepped into the breach leading to a very friend-

ly Argentine-Soviet arrangement. Most of Argentina's meat and fish now go to Russia.

Unlike Chile or Brazil, the Army, Navy and Air Force do not seem to work as a team, leading to indecisiveness in important issues in spite of the presence of a strong military government.

Two foreign issues face Argentina:

● The Falkland Islands (or Malvinas, as Argentinians prefer to call them). One Boglish-language paper wrote that if President Viola were to rub boot polish on his face and start reciting the Marxist litany, progressive opinion in Britain would force the handing over of the islands within a week!

● The Beagle Islands. An international commission some years ago awarded the islands

to Chile, which has occupied them for many years. Argentina would not accept the decision and requested Queen Elizabeth II to arbitrate and again the verdict went to Chile. The Pope has been asked to intervene and there are indications that the decision will be the same. It is reported that the military has no intention of relinquishing its claim to the islands for anyone.

The significance of the islands is that they are a stepping stone to Antarctica which is assuming major importance. There have already been clashes between the two sides and the Chilean Navy is massing in the Beagle Channel.

Chile, on the other hand, offers quite a contrast since it has visited it under the Allende government.

In the streets of Santiago people look well-fed, well-dressed,

## Tourism

## Argentina and Chile offer NZ travellers variety

happy and purposeful. Inflation under Allende reached 600 per cent. It is down this year to 10 per cent, though living is not cheap. All tariffs are now 10 per cent.

As may be expected, there were howls of protest from manufacturers. But the low tariffs have made them more competitive and exports of white goods such as refrigerators, washing machines etc, hitherto negligible, are now increasing to all other South American countries.

Six years ago, the road in from the airport was lined with primitive shacks without any facilities. They have been

replaced with blocks of low-cost apartment houses.

A subway, said to be the most modern in the world and built by French engineers, with clean bright well lit stations laid out in mosaics, runs from the airport to the far end of the city. The trains are comfortable, noiseless and frequent.

To a World War II veteran, the armed forces in Chile seem to be well disciplined, well clad and with an obvious pride in wearing the uniform — but, though in evidence, they are not obtrusive.

The country is prepared for trouble when the Pope an-

nounces his decision over the Beagle islands.

We flew down to the Magellan Straits at Punta Arenas over the most awe-inspiring Andean mountains covered in snow with huge glaciers ending in quiet lakes. On the plane which served Dutch butter and cream we met a sheep farmer from Tierra del Fuego who had spent three years at Lincoln College.

Punta Arenas is a free port, Zona Franca, where one can find merchandise from all parts of the world at competitive prices and non dutiable except for cars taken back into Chile proper.

For instance, Volkswagen Beetles made in Brazil sell at \$US4650. If taken back to Chile proper under two years, the price would be \$US6990. The cars are very popular with the large military forces stationed around the straits area which are in a state of readiness.

(One instance of the distortions caused by currency devaluations: while we were in

Argentina, a Brazilian ship bought 2000 VW Beetles to sell at around \$US5000, but because of devaluation, they would have to be sold for \$US15,000, an impossible price for Argentinians. The local agent has been given 12 months' credit by the Brazilians and he expected to clear the cars well within this period, mostly to the armed forces.)

The United States Senate, in November, overwhelmingly repealed a five year ban on military assistance to the Pinochet government of Chile. Senator Jesse Helms said that the restrictions had not helped the victims of human rights problems in Chile and had penalised the American economy because other countries sold weapons that Americans were precluded from selling.

"We have always felt the ban was more damaging to the United States and its trade relations than it was to Chile which turned to other sources of supply," he said.

Similar remarks were made to me by prominent Chilean businessmen. "There are only two countries which now ban trade with Chile, Cuba and New Zealand. We don't care about the Cuban ban but we are distressed by the New Zealand ban as we should be friends."

Chile last year imported \$US45 million of dairy products from all over the world, except from New Zealand. This year the Government has announced a yearly target of 90,000 low-cost houses. The timber will naturally come from Chile, but New Zealand is well placed to supply many ancillary items and could even tender for some of the housing.

Our trade ban does not make sense. We are the losers.

On the human rights side there are probably more political prisoners in Argentina and certainly there are many more people missing there. Even today 100 mothers keep a daily vigil outside the presidential palace in Buenos Aires demanding to know the whereabouts of their children.

Asked in an interview in a Brazilian paper about the people who disappeared, President Viola recently said: "It is a regrettable circumstance resulting from a war against terrorism that Argentina did not look for, and did not want."

Perhaps the fact that Argentina is friendly with Russia while Chile and China are becoming friends may have some bearing.

Chile has just announced a joint Antarctic expedition with China and the Chinese Prime Minister will pay a visit early in the New Year — moves perhaps unpalatable to both Argentina and Russia, and perhaps reflected in the attitude of SUP supporters here.

Frank Thorpy, NBR's wine writer, has been the honorary consul for Brazil in New Zealand for 14 years and has visited South America 17 times, including six visits to Chile and Argentina.

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## Computers in government

## Govt called on to honour Poly commitment

A CALL for the Government to honour its original plan for the Poly school computer has come from one of the chief designers of the software for the machine.

"This was a development initiated by Government, with funds from the Development Finance Corporation, and Government has a responsibility not to let it fall," said Alec Utting, of Progeni.

The machine may have been developed by Wellington Polytechnic and Progeni, among others, but the idea of a major development effort "was sparked off by the Minister," and the Government should finish the project it initiated, by choosing Poly as the standard for New Zealand secondary schools, said Utting.

"If they don't carry it through, it will be taken overseas like the baby in-

cubator," he warned to a reference to the Premcare incubator, designed by local firm Datamedical and licensed to American interests in face of lack of interest at home (NBR, November 3, 1980).

Asked if he was implying that Poly should be selected for local school dissemination regardless of the quality of private competition, he replied "yes."

"The time for todering was before the project started," said Utting. No tender had been issued at that time, he agreed, "but the Education Department did look at what other machines were available."

No firm course on computer selection for schools has emerged from the department, but in the meantime, the schools have begun making up their own minds.

The Rotorua High Schools

Board has ordered four Poly configurations — 40 microprocessor workstations and four central control and storage modules — for the four Rotorua high schools.

There are rumours to have been as many as six further orders for Poly in advance of any Government commitment to subsidise a mass Poly exercise.

If Poly were selected as the subsidised standard machine, the Rotorua schools would presumably get a reimbursement of some or all of the \$150,000 cost of the machines. Their situation in the event of another selection is not clear.

The apparent hardening of attitude in the Poly lobby comes in the face of an increasingly close watch kept on the project by the private microcomputer industry.

John Lovelock, representing

the Microcomputer Industry Association told NBR, "Polycorp (the company formed to co-ordinate the making and marketing of Poly) is under some strain from the MIA pressure lobby, and it is becoming clear that it will have to justify fully the claimed advantages of Poly to the Education Department."

Private microcomputer companies, including Lovelock's own company, Microprocessor Developments Ltd, will shortly be demonstrating their latest machines to the department.

Education Department spokesman Kevin Hearle denied this represented any new or more open attitude to Poly competition. "We're not evaluating these machines; we're just looking at them," he said. "The makers asked us to."

Lovelock is in an awkward

position; as MIA spokesman on Poly and producer of a competitive machine, he is also now a supplier of parts for Poly.

NBR, in fact, proved a catalyst in heading off a row between MDL and Polycorp earlier this month. The result was an order for Epson printers through MDL, rather than from Japan.

Polycorp initially approached MDL for information about the Epson printers. MDL understood that the printer had been favoured and confidently expected an order.

But then it had notice from Epson manufacturer Shinshu Seiki that Polycorp had approached the Japanese company directly for a price quotation.

Rather than encouraging local industry — its stated aim — Polycorp was actually handicapping its business, Lovelock told NBR.

The company relied on its agency activities for the cashflow to support home manufacture in other areas, he said.

After talking to Lovelock, NBR tried unsuccessfully to contact Polycorp general manager Ian Coombe. Told of NBR's interest, Coombe went straight back to Lovelock, and had a "lengthy discussion," this resulted in an assurance that the Epson printers would be purchased through the local firm.

Coombe admitted that Lovelock's expressed opposition to Poly had aroused doubts that the printers would be forthcoming when needed. This had led to the attempt to deal with Japan.

But Polycorp now had his word that supplies through MDL would be reliable.

All other imported components of the system had been purchased through local agents, said Coombe, and production of the first batch of Polys for school use is under way.

Polycorp has at the same time begun to explore the Australian market.

## Fewer flaws in Customs Casper computer system

THE Customs Department computer system Casper — four years in the making — is finally functioning "moderately well".

But the department has not yet tried the more complex parts of the system — the information retrieval transactions which gather information from several parts of the database.

The system's response in experimental runs has not been too good, according to informed sources.

Casper is already being used successfully to enter information about consignments of goods coming into Wellington by sea. A similar function is operating, in part, at Christchurch.

But there is an "insufficient reservoir" of data accumulated so far for the so-called "linked inquiry" to be of any use to Customs; this is expected to be available midway through next year.

The linked inquiry produces several records out of the database according to entered criteria, for example: "Who imported more than \$1000 worth of widgets this month?"

Brian Gibson, manager of the Trentham Computer Centre, where Casper is run, told NBR that he had "no reason to be disappointed with the response times" on complex transactions. "They are far better than I have been able to achieve on other systems."

He declined to specify figures, emphasising that response time depended on the complexity of the transaction and other work on the machine. But times as long as five minutes have been mentioned to NBR, and this was a considerable improvement on performance some months ago, he noted.

Gibson referred NBR to Dick Wheeler, general manager

of the SSC's Computer Services Division, who heads the "Casper committee".

But Wheeler, too, declined to comment on response times on the more complex transactions; it would be meaningless, he said, to give a "snapshot" measure of a system which was still under development.

Reports persist that the performance of the more complex parts of Casper is not what it was expected to be at this stage of development.

The latest inefficiencies have led to some ill feeling at the highest levels of the State Services Commission.

A race could develop, with staff at the Trentham computer centre trying to shorten the inquiry response time, before Customs needs that part of the system.

At the moment, response time even to simpler inquiries is not remarkable.

Immediately after entry of data, the system checks for errors and reports back to the operator. On urgent ("Category A") tasks, Customs specified five seconds or less for this process and this target is now being reached by 75 to 80 per cent of transactions, said a Customs spokesman.

Subsequent inquiry on average-size single entry is also running between five and 10 seconds.

Most of the actual processing is done from "check lists" printed by the computer system, highlighting certain factors in the entries, such as an abnormally high value, which might merit examination. The check list is manually compared with the original invoices.

"We are feeling pretty good about the current state of the system, but we hope to reduce response times even further," the Customs spokesman said.

National Business Review  
the newspaper the PM reads  
when he wants to get his  
teeth into something.

## The automated office

## Today's sales target: the executive

by Stephen Bell

RAPID moves into office automation by several suppliers in recent weeks made Auckland and Wellington seminars by word processing specialist Pat Seybold particularly timely.

Consultant and publisher of the regular *Seybold Report* on word processing, she confessed that her own publication found the new moves of November too much of a deluge to manage. Medium-sized computer vendors have moved with a vengeance into the already crowded office automation business.

For Hewlett-Packard (see Page 35), the automated office venture is a move into an almost untouched field. Data General and Digital Equipment, long topdog around the edges of word processing, have at last gone in earnest, and even old-stager Wang managed another revolutionary development.

It all appears to be part of the perception of the new market for the "electronic office", or perhaps what should have been the target all along. The concept is suddenly being sold very much to the executive, rather than approaching the company discreetly through word processors in the typing pool.

The most promising way to approach office automation nowadays was as a management information system with DP equipment providing the "backbone", Seybold told NBR.

Many companies which had begun on the word-processing route ended up with a mess of incompatible word-processors on which it was very difficult to graft the skeleton of an office automation system.

But at the same time, there were weaknesses in the word-processing software currently offered by the traditional data processing suppliers; as a rule it was inferior to that offered by the long-established word-processing firms, with a lack of attention to ease of operation.

The executive user did not want to be bothered with long keying sequences and a "computer-like" vocabulary.

It was for this reason that the first generation of "management information systems" had failed, she said. The "office automation" route represented a second crack at the same target, and stood rather more chance of success.

But, she told NBR, it would be "four years before we see what we can really call an office system."

Seybold certainly seemed to be telling her audience what they wanted to hear, even if her predictions leaned heavily on the side of hardware and software.

Someone, one thought, would surely raise the question of planning office procedures before equipment selection; but the questions too were almost exclusively on equipment — "What system do you use yourself? What microprocessor handles word-processing best? What machine is best at handling envelopes?"

Later, NBR managed to tease out a few attitudes to the planning side. It is good policy, Seybold agreed, to "step back and think about what the mission of your company is," before installing any kind of office automation.

what the mission of your company is," before installing any kind of office automation.

She cited the case of an insurance company, whose database was organised in terms of the objective of "selling insurance policies". When it took that "step back", they discovered that management was coming round to thinking of "providing a financial service to people". This change of objective demanded a completely different way of organising the database, and the management information system.

But it was unrealistic, she insisted, to think of business goals in a vacuum. There was usually some existing hardware in the organisation, which to some extent influenced the direction of economical future progress: "I've never worked on a completely clean slate," she said.

In many cases, the true goals of the company five years away

and the kind of information system necessary would not be perceived by management until it had tried out something in practice.

So the consultant, who often had a clearer perspective on things, was reduced to "underhand" tactics. "I often help people organise their system in the way they think they need it, but at the same time, I make sure it can be changed so that it will fit the way they're really going," said Seybold.

She also carries out consulting assignments both for users and for suppliers; often her criticisms bring about appropriate changes to the equipment before it reaches the showroom.

Her seminars in Auckland and Wellington last week attracted an audience of about 70 people — not as wide an interest as anticipated; organiser Wordbank, an Auckland consultancy, had originally planned two Auckland events, but had to amalgamate them.

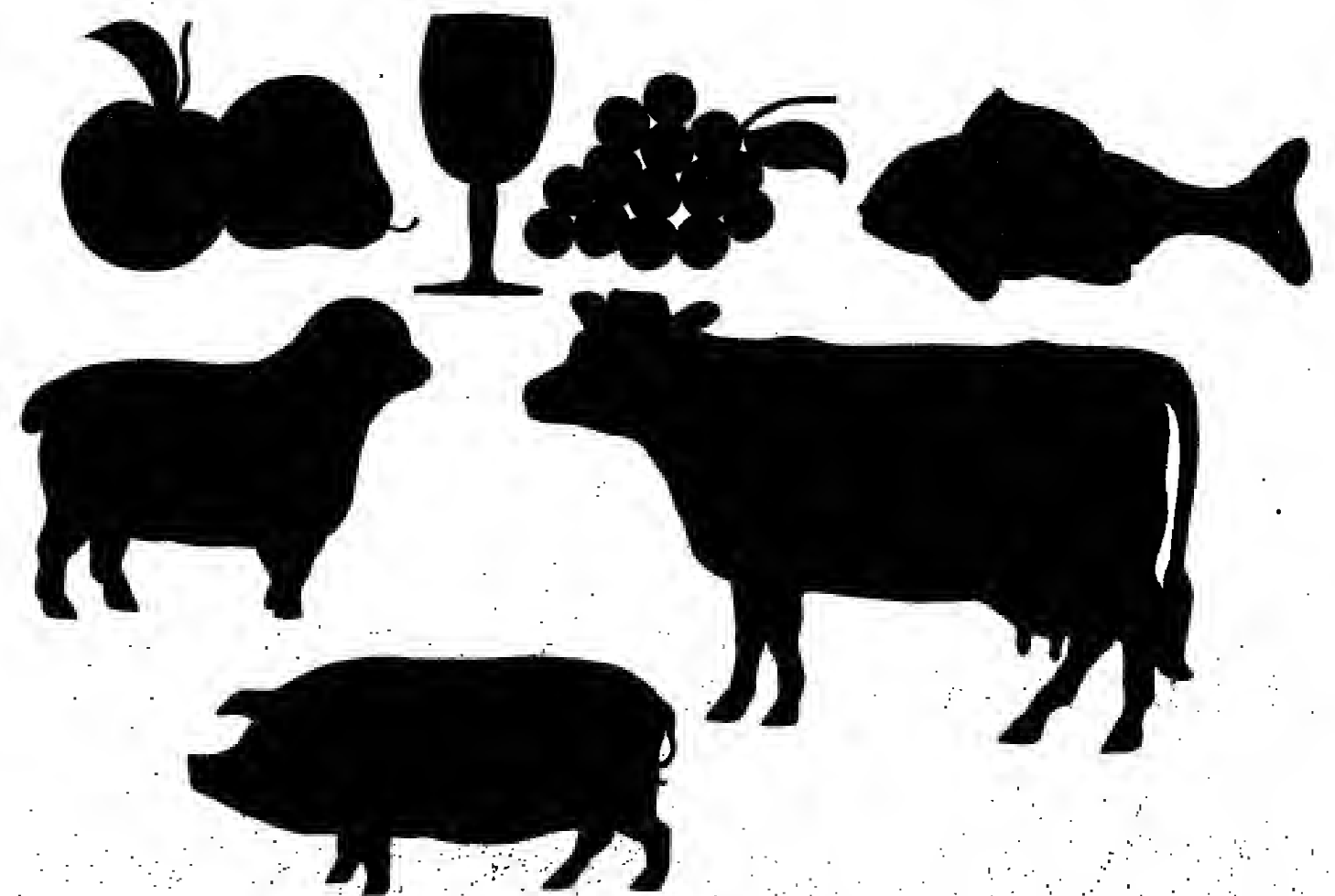
But it was plainly an interested audience and, significantly, a management, rather than secretarial audience, with a sprinkling of equipment vendors.

We present here some of the highlights of Pat Seybold's comments at the seminar and in an interview with NBR.

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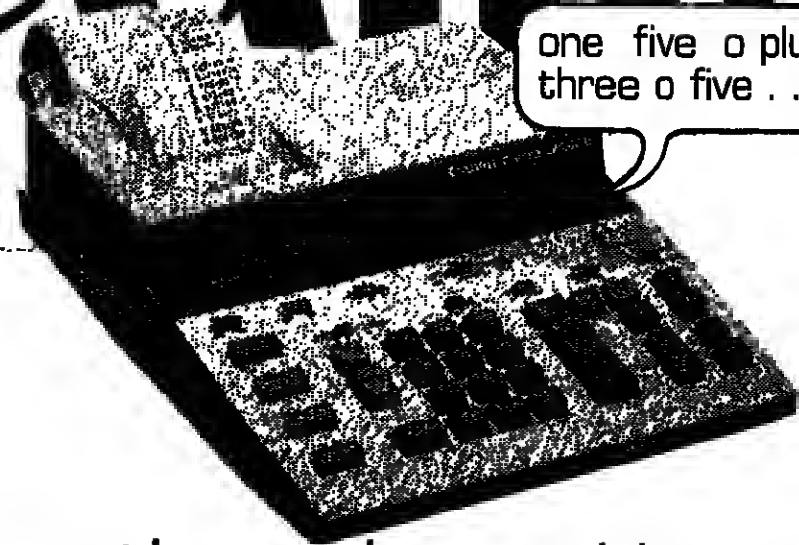
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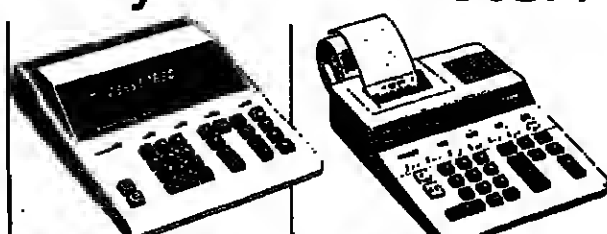
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## Kerridge Odeon

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DATA  
PROCESSING

Pat Seybold... phone fan.

## New future for the humble telephone

A GOOD many executives in the United States have obviously already taught themselves to use the conventional computer keyboard and software, simply because nothing else was available.

But for the computer-sided manager of the future, word-processing specialist Pat Seybold saw an interface based on familiar tools like the report, memo and diary — in electronic versions — and, above all, the telephone.

The vendors are clearly thinking along the same lines, with voice perceived as a critical part of present and future office systems. Wang, Digital and IBM are among those who have already marked out a role for digitised voice messages and voice annotations to documents among their latest products — though acceptance here clearly depends on the Post Office.

At its simplest level, storage of voice messages can eliminate

what the Americans call "telephone tag" — I telephone you; you are out. I leave a message; you, replying to my message, find I'm in a meeting; and so forth.

But digitised voice message-handling is a major improvement over the tape-based answer-phone systems. A single facility can be centralised at the office switchboard, and this, in turn means a single message intended for several people, need only be recorded once and can

be relayed to every recipient. One of Wang's latest developments, as part of its "Alliance" system, announced earlier this month, lets the executive incorporate a voice message within a report.

The executive at his or her audio terminal reads a memo, and appends messages at relevant points such as "John, you follow up this point for me, please"; or, to the originator, "Arthur, are you sure these figures here are correct?"

A speech message can, in a rudimentary way, be "edited" on the screen after recording.

It sounds like the remote future, but it is available today, and if past experiences are any-

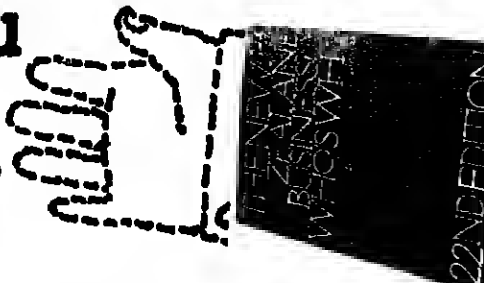
thing to go by, the New Zealand business community will not be slow to pick it up. Already, at least one major local company is talking of adopting the latest in voice-office communication.

The amalgamation of text, voice and "data" processing may actually come about more quickly here than overseas, several at the seminar predicted. Precisely because of the high price of "computer" equipment on the local market, it would prove more economical to implement an integrated system than to go into "word processing", "data processing" and office communications as separate systems.

## The automated office

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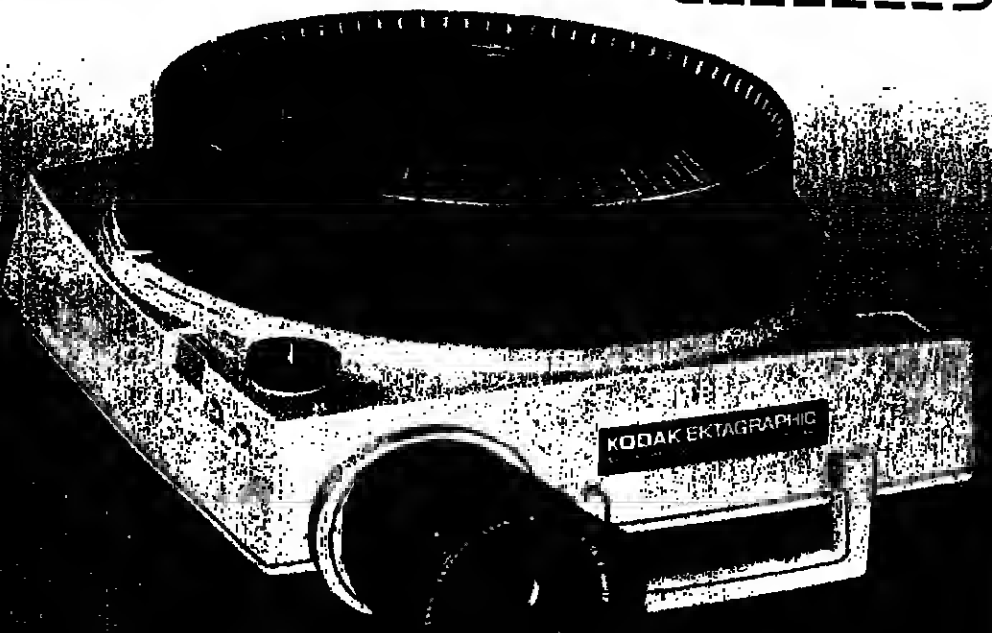
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Home computer  
sets the trend

THE second generation of "management information systems" and the new automated office perspective arose, ironically from the "home" computer, Pat Seybold told her audience.

"Tens of thousands of managers, frustrated with the first generation of management information systems, based on the company's central computer, bought their own personal computers. They started by using them at home at weekends, but then they began bringing them into the office. A new kind of management information system was springing up in de facto ways."

Many organisations seeing this change taking place had the good sense at least to standardise on the brand of personal computer, so that they could be integrated at a later stage.

Nowadays, about 20 per cent of managers in the United States had a personal computer on their desks, many were linked into communicating networks, and word-processing and electronic mail software had evolved to complement their new management information function.

IBM's personal computer, Seybold predicted, would become one of the most important products the company had ever produced, because of its potential role in automated office networks.

## 'Wanderer' settles

THE National Library's choice of a Facom M160 computer to run its bibliographic network may give a two-year home at last to a machine which Facom has had running around the country since its first local order, from Air New Zealand.

The 160, it seemed, was to have a continual role of standing in while clients waited for delivery of a larger-scale M180. After serving this function for Air New Zealand in Auckland, it moved on to Tasman Pulp and Paper at Kawerau. A few weeks ago, Tasman received its 180 and the smaller machine continued on its way south to Wellington.

It is now sitting in Computer Consultants' "back-up" room in the Williams Building doing toll-call-billing duty for the Post Office, while it also waits for a 180 machine.

Its Post Office successor should arrive well in time for the roving computer to do duty for the National Library network. But Facom may alternatively decide to bring in another M160 specially to do the job.

The National Library's system is not due to start work until March or April, said a Facom spokesman, because the large disc storage subsystem required has yet to arrive. The system will initially store more than 200 million bibliographic records, requiring five billion characters of disc storage.

The Government has made an unusual choice in deciding to use the National Library pilot system on a bureau basis, spreading the cost over the two-year running period, rather

than purchasing the machine outright.

Cost of the pilot phase will be \$782,000. After two years, the decision will be made to move on to a permanent machine. This could mean another order for an M180 — or whatever equivalent Facom machine is around at that time.

The State Services Commission does not discount a move onto a Government computer centre at this stage, but many observers consider this doubtful. In 1983, the network will begin to spread outside the National Library to terminals in libraries around the country, possibly accessible direct to the public.

While security provisions on the Government centres are extensive, there are bound to be lingering fears at giving the public access to a machine which contains confidential Treasury and public service personnel information.

The remaining unanswered question is: when the National Library was first seriously considering the automated cataloguing system from Washington State, there was no local Facom presence, and it seemed the only line of equipment suitable to run the system.

IBM was certainly still bidding against Facom at the stage, but a State Services Commission spokesman said "you've got to have parties who are willing". It seems IBM, declining to some condition of the project, and the obvious use of the bureau use of the machine.

## The automated office

## H-P goes high-profile with major new range

WORD processing and management information are focuses of a major announcement by Hewlett-Packard.

The electronics and computer manufacturer, normally a low-key marketer, has positively slugged its audience around the head with the simultaneous revelation of more than 20 new processor, peripheral and software products and sketching of future strategies.

The announcement, made at the beginning of this month in the United States, has been given the same "big impact" treatment locally. But presentation here has so far been made only to existing H-P users, who have been preserved from "information overload" by their own special interests and by advanced knowledge of several of the planned products.

But those with no direct experience of H-P equipment will doubtless need some time to sort out how the new products fit with one another and with prior H-P releases like the 125 personal computer. This last processor is bound to assume a place in the office network.

H-P's new releases have marked out its position among the office automators, with new word-processing and management information tools and a dash-up of plans for local and wide area networking.

Simultaneously, the extension to the top of its 3000 series puts it up among the mainframes. The 3000 series Model 84 is H-P's first machine to use the 12-bit word and has a processing capability well up in the IBM 4341 range.

H-P has already skirted the fringes of word processing with a software product known as Text and Document Processor, bought in from an outside supplier, but its new repertoire includes a standard secretarial word-processing package, HP Word, a specialised word-processing terminal, known as the 2626W, and a more basic text-editing program HP Slate.

Designed for people who only occasionally need to revise documents, HP Slate operates with standard H-P terminals, while HP Word requires the 2626W for full exploitation. By comparison with rival word-processing packages, HP Word is reckoned fairly minimalist in its present form, but is obviously capable of further enhancement.

The standard design of H-P terminals, with a row of "function keys" on the lower rim of the screen, lends itself to word-

processing and management information use, by providing one-keystroke commands.

The function performed by a key at a particular time is displayed on the screen above it.

On the wide-area communications front, H-P has announced support for the X.25 standard, the packet-switching protocol which is the basis of the New Zealand Post Office's planned public network.

The H-P processors and ter-

minals are also capable of supporting IBM's standard communications discipline, SNA.

On the management information side, H-P has released a family of packages known collectively as Rapid/3000. These are based on a data dictionary, which allows natural user "views" of the data in the system to be superimposed on the physical organisation of the files.

Being able to see the data as it is organised in terms of his or

her part of the business, the executive can then handle it more easily using the other three tools, the transaction processing software Transact/3000 and the two report generators, Report/3000, designed for programmers, and Inform/3000, designed for the non-programming user.

The last named operates through menus, presenting sample report formats and examples of data fields for the user to select.

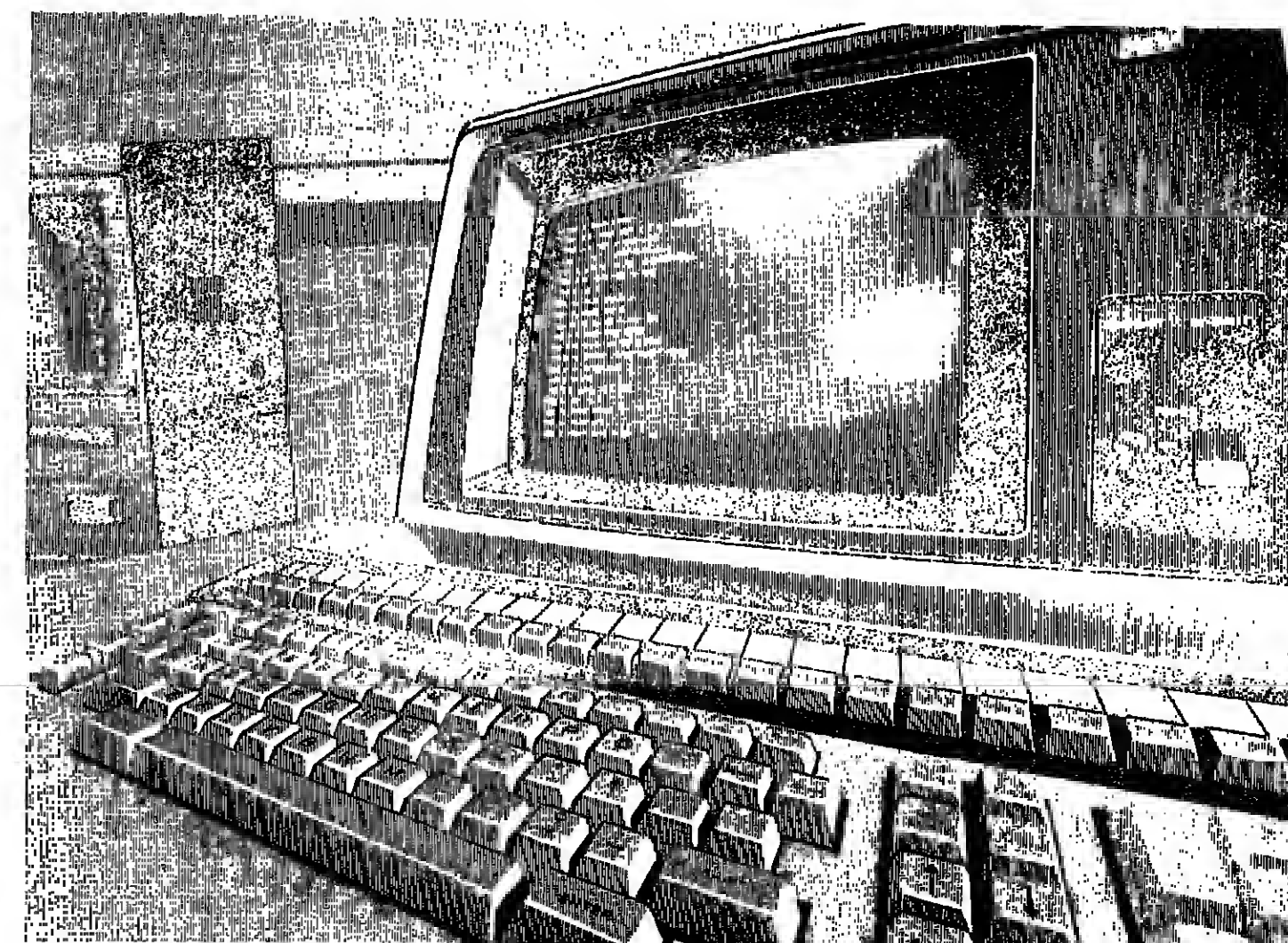
As its crucial communications link in the office automation system, H-P has revealed its intention to implement a local area network of the same type of Rank Xerox's Ethernet (NBR, August 17).

This will emerge within "the next couple of years," according to H-P spokesmen in the United States.

The purpose of the simultaneous release is not clear, and no one in the local H-P office

would comment. Local users have suggested that the big impact was simply a deliberate search for publicity by the previously low-profile company. It certainly paid off in an American specialist journal, which devoted two full pages to the products.

But in that case, said one local user, it is difficult to explain why the firm did not make its big splash at its Berlin international users' conference only a week before.

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